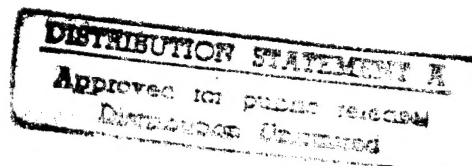


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23 OCTOBER 1986

# West Europe Report



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23 OCTOBER 1986

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POLITICAL

CYPRUS

GDR'S HONECKER ASSAILS TURKISH STANCE ON AEGEAN, CYPRUS

NC121957 Nicosia Domestic Service in Greek 1900 GMT 12 Sep 86

[Text] GDR State Council Chairman Erich Honecker has described Turkish intentions in the Aegean as aggressive, and stressed that a situation similar to that prevailing in Cyprus must not be created in the Aegean.

Chairman Honecker, who was talking to Greek journalists visiting his country, stated that the boundaries in the Aegean are a fact. According to international law, the Aegean, together with its islands, constitutes a Greek sea; this is quite clear he said.

Referring to the possibility of resolving the issue through negotiations, Honecker observed that Turkey is apparently not yet prepared to withdraw its territorial claims and thus does not want to comply with international law. In his statement, the East German leader declared that a situation similar to that which prevails in Cyprus must not be created in the Aegean. I have visited Cyprus, he said, I have talked with President Kiprianou, I have seen partitionist line that divides the island in two, and my opinion is that we must not forget the Cyprus problem. It is Turkey's stance that has created the Cyprus problem and is also creating the Aegean issue.

Honecker said that his country's relations with Greece are developing positively. The fruitful cooperation between the two countries is based on political dialogue, which is being conducted in a constructive spirit and in a frank atmosphere.

/12913

CSO: 3521/1

## INCIDENT WITH ROMANIA UPSETS PAPANDREOU'S FOREIGN POLICY

Athens I KATHIMERINI in Greek 18 Sep 86 p 5

/Editorial: "The Bucharest Incident is Pro-Turkish"/

/Text/ Just some 24 hours after Mr Papandreou made an ostentatious statement in Bucharest about diplomatic "successes" on national, Balkan and international issues, Bucharest undertook an act that is tantamount to almost recognizing the Denktas pseudo-state. So as not to displease Turkey that might have refused to have Turkish chemists participate in the "All-Balkan Chemistry Day," being organized for 24-27 September, because an invitation to a delegation from the pseudo-state of occupied Cyprus was not provided for, the Romanian Government decided not to invite scientists from Cyprus! In other words, Bucharest put the legal Cypriot state on equal footing with that which Turkey is trying to fabricate as a "political vested right" following its fascist, military invasion of Cyprus!

Of course, no one should expect consistency and unambiguousness from totalitarian regimes in their actions primarily with regard to their relations with third countries. Their dogmatic belief that prevailing international law is nothing but one more fabrication of "corrupt capitalism" to "accommodate" and promote its interests --so, socialist countries also do not consider it worthwhile to respect it except to the extent it serves their aims-- results in an endless alternation between friendship and enmity to and from a given country.

However, why the concern, in this particular case, over securing friendly Turkish feelings toward the Ceausescu regime to the detriment of Greece and Cyprus? We wonder what are the more special benefits that Bucharest is hoping for from Ankara so as to bring about, at this most critical moment for the evolution of the Cyprus issue, a diplomatic blow with its undermining sequence against the Greek effort to reestablish unity and national integrity of a sovereign Cypriot nation being visibly apparent?

There is no doubt that the Turkish Government will do everything it can to "repay" any obstacles Greek opponents might erect in its intention to establish closer ties with the EEC. There is also no doubt that the Cyprus issue is the "grounds"

where its retaliation could be "developed." It is, moreover, certain that the cultivation of animosities between Greece and socialist countries is viewed by Ankara as the best act for "completing" the picture of a diplomatically isolated Greece on an international level since the West's doubts over PASOK's loyalty to NATO are well known.

The European socialist countries, nevertheless, are not at present experiencing their most happy moments with Turkey. To the contrary, Ankara suspects that behind the upsurge in the Kurdish movement is Moscow which, undoubtedly, influences its leadership, both that which operates on Iraqi territory against the Turkish military regime as well as that which undermines the Iranian theocratic regime.

Besides, Moscow has many reasons to be unhappy with Ankara which, besides other matters, is stubbornly opposed to acceptance of the proposal for the convening of an international conference on the Cyprus problem with the participation of the USSR.

Romania is not aligned with the anti-Turkish "consensus" in Ankara's and East Europe's relations. It thus offers to "serve" Turkish plans for pressure on Greece with up to now unknown trade-offs for its offer. So, if we were to add to this those things that Belgrade is contriving to satisfy the chauvinism of the federal socialist republic of Macedonia, then a diplomatic event is being created by our northern neighbors that shatter many of Mr Papandreou's socialist illusions.

It is evident that developments do not justify the prime minister's relaxed attitude on the correctness of his foreign policy. The "cards" that he insists must "remain hidden" so as to "play" them when the West believes that it "has got" him proves that this is not the best way to protect national interests. Alleged ideological "relatives" do not prove to be effective assistants at difficult moments. Nevertheless, we do need these effective assistants. Our diplomatic actions must look to securing such help in the first place.

5671

CSO: 3521/7

POLITICAL

GREECE

ETHNOS SUES BRITISH WEEKLY OVER SOVIET TIES ALLEGATION

Athens EMBISTEVTIKO GRAMMA in Greek 10 Sep 86 p 9

[Text] We have learned that after 4 postponements, the trial of the afternoon Athens daily ETHNOS and the British magazine THE ECONOMIST will come up in England in the middle of October.

The above trial is taking place following the suit brought by the ETHNOS against the British magazine which, 4 years ago, had accused in a special edition G. Bobolas' newspaper of financial dependence on the Soviet Union. According to information we have received, the trial is expected with the utmost interest by Western observers, given the fact that, beyond its strictly judicial aspect, it will deal with the huge problem of Soviet disinformation in the West.

As we have learned from British sources, the lawyers of the British magazine are in possession of an explosive dossier that will be presented in court, a piece of evidence that it took them 4 years to put together. We have also learned that two Soviet KGB officials--who, it is rumored, have a great deal to say on the matter--will be witnesses at the trial. Finally, always according to our British sources, Mr Bobolas' newspaper was asked to deposit 15 million drachmas as guarantee for the expenses of the trial in case the Greek newspaper is the losing party.

It should be noted, in this context, that the publicity that has surrounded the relations between the ETHNOS and the KGB for the past 5 years--in spite of the fact that newsman P. Anastasiadis was found guilty in the affair of his book-reportage on the subject--has had a negative impact on certain international business activities of Mr Bobolas, the newspaper's publisher, and has awakened a degree of uneasiness among the Soviets.

/9274

CSO: 3521/6

## CHANGES PERCEIVED IN NEWSPAPERS' CIRCULATION IN 1985-86

Athens EMBISTEVTIKO GRAMMA in Greek 10 Sep 86 pp 6-7

[Text] Significant changes have taken place in recent months in the circulation of Athens newspapers. Specifically, the circulation of daily newspapers in Athens and Piraeus for the weeks of 28 August to 3 September 1985 and 27 August to 2 September 1986 was as follows

Table I

	<u>1985</u>	<u>Share of Total</u>	<u>1986</u>	<u>Share of Total</u>
ETHNOS	93,511	18.02%	73,995	16.08%
NEA	89,774	17.30%	79,672	17.31%
AVRIANI	64,937	12.51%	43,301	9.41%
APOGEVMATINI	37,585	11.10%	50,992	11.08%
ELEVTherotypia	46,910	9.04%	44,864	9.75%
ELEVTheros Typos	33,981	6.55%	40,443	8.79%
I VRADYNI	28,860	5.56%	23,612	5.13%
MESIMVRINI	22,129	4.26%	18,737	4.07%
ESTIA	5,340	1.03%	4,930	1.07%
ELEVTheri Ora	1,037	0.20%	673	0.15%
PROTI			21,409	4.65%
Total of afternoon newspapers	444,064		402,628	

RIZOSPASTIS	24,491	4.72%	22,645	4.92%
I KATHIMERINI	17,472	3.37%	14,972	3.25%
AKROPOLIS	14,474	2.79%	10,665	2.32%
TO VIMA	15,061	2.9 %		
I AVGI	3,412	0.66%	2,814	0.61%
DIMOKRATIKOS LOGOS			6,438	1.4 %
Total of morning newspapers	74,910		57,554	
General total	518,974		460,182	

The most significant changes are:

The change in the balance of power between pro-government newspapers and leftist and rightist opposition press, which is presented in Table II.

Table II

	<u>1985</u>	<u>Percentage</u>	<u>1986</u>	<u>Percentage</u>
Right	180,878	34.85%	165,024	35.85%
Pasok	310,193	55.77%	248,290	53.95%
Left	27,903	5.38%	46,868	10.10%

As the figures in the above table show, the pro-government press has lost 5.82 percent of the market during the last year. This percentage has reverted mainly to the left (4.82 percent), after the publication of the PROTI. A small percentage (1 percent) has been won by the "liberal" faction. It is impressive that this percentage (1 percent) is similar to the direct movement of voters from the PASOK to the ND referred to in most of the polls taken.

--The serious losses registered by two of the newspapers that are best known for supporting the government: ETHNOS (loss of about 2 percent), which seems to have suffered the most because of the appearance of PROTI, and AVRIANI (loss of 3.1 percent), which is now a "phenomenon" that has entered a period of decline.

--The rise in circulation of ELEVTHEROS TYPOS (+2.24 percent), which is the only newspaper on the right of the PASOK which is gaining ground (even more so in the province ELEVTHEROS TYPOS was the highest circulation anti-government newspaper in all of Greece during the month of June.

--The satisfactory course of ELEVTHEROTYPIA (0.7 percent), which is the only pro-government newspaper which has recently distanced itself in a significant manner from government positions (for instance, it is now advocating the simple proportional system),



KUWAITI FOREIGN MINISTER VISITS ITALY

Agreement Signed

LD122245 Rome Domestic Service in Italian 2200 GMT 12 Sep 86

[Text] Foreign Minister Andreotti and Kuwaiti Shaykh Al-Sabah have signed an agreement for the development of economic, industrial, technical, and financial cooperation between Italy and the Arab Emirate, at the end of a meeting which took place in Villa Madam. The agreement provides for an exchange of experts and specialists in technological and scientific matters, as well as the setting up of a joint commission which will meet regularly.

At the meeting, Andreotti and Al-Sabah also examined the latest developments in the Middle East situation and the Iran-Iraq War, and hoped for more intense international cooperation against the phenomenon of terrorism.

Relations Discussed

LD122138 Kuwait KUNA in English 1934 GMT 12 Sep 86

[By Samir Qaryouti]

[Text] Rome, Sept 12 (KUNA)--Kuwaiti Deputy Premier and Foreign Minister Shaykh Sabah al-Ahmad met en camera this afternoon with Foreign Minister Giulio Andreotti for a review of topical world issues.

The 70-minute meeting, held in Villa Madame here, tackled, in particular, Mideast problems, the Gulf War between Iraq and Iran as well as tension in the region and other world crises.

Part of the tete-a-tete encounter was devoted to discussing means of boosting Kuwait-Italian relations and other related world economic and political subjects.

The first round of official ties between the two sides then started when the ministers were joined by members of both delegations.

The plenary session, while reviewing bilateral relations, provisionally approved conclusion of a cooperation agreement in the industrial, scientific and technical fields, based on equality and mutual benefit.

The agreement allows conclusion of long-term contracts between public and private sector institutions in both states and the two sides decided to set up a joint commission to follow up implementation of the new and significant accord.

The meeting also underlined the two sides' common interest in a developed relationship between the European Economic Community (EEC) and the six-member Gulf Cooperation Council (GCC) in the various fields.

According to a member of the Kuwait delegation, the two sides agreed to launch joint studies on other possible domains of cooperation, including conclusion of bilateral accords on investment guarantee, dual taxation and revitalizing joint Kuwaiti-Italian committees on cooperation.

At the end of the first round of talks, Shaykh Sabah drove to the government palace where he conferred, in a cordial and warm atmosphere, with Deputy Prime Minister Arnaldo Forlani on issues of mutual interest, including bilateral ties and international developments in Europe and the Middle East.

Then Shaykh Sabah and the Italian deputy premier signed the cooperation agreement in the industrial, scientific and technical fields and exchanged wishes of continued Kuwaiti-Italian relationship in the interests of both countries and peoples.

/8309

CSO: 3528/2

## SYSE GIVES SUPPORT TO PRESTHUS AS PRIME MINISTER CANDIDATE

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 3

[Article by Kjell Hanssen]

[Text] "Rolf Presthus and I have been close friends and political partners for thirty years. We will find reasonable ways to share the burdens in the future as well. He is a good candidate for prime minister."

When the Conservative Party's leader, Jan P. Syse, gives his support to Party Chairman Rolf Presthus as the Conservative Party's new candidate for prime minister, it means that the fight is over before it has begun. Syse is the only one who could have given Presthus serious resistance in an open clash for the position as Willoch's successor.

Syse gives consideration for solidarity and unity in the party as the main reason for his decision. There may also be a personal element. It is unpleasant for two who have known each other so long and worked so closely together to carry on an election campaign against each other.

In recent years, both Presthus and Syse have been mentioned when there was talk of Willoch's probable successor. Both had worked themselves into strong positions in the party and the Storting group, they had shown great talent in holding the coalition parties together, and separated themselves with success from their government duties.

#### Got a Head Start

Presthus got a clear head start when Kare Willoch said this summer not only that he would not lead the next nonsocialist government, but also indirectly recommended Presthus as his successor. The way this happened was unorthodox, but not unknown. It is the unwritten right of political leaders to influence the order of succession, and most of them take advantage of this possibility.

#### Group Decides

On the other hand, the traditions of the Conservative Party call for the final decision to be made in the Storting group, not in the party organization. This

still applies, even if the political appetite of the party apparatus has undoubtedly become stronger after the Conservative Party has grown larger in local and county politics.

In the Storting group the strong position Syse has worked himself into -- after his reluctant passage from the government last fall -- has given him a good starting point in a direct election.

#### Path Open

As things are now, the path lies open for Rolf Presthus. In a meeting yesterday the group leadership decided upon further procedure. The leadership will meet again next week to give their recommendation for a prime minister candidate.

This recommendation will then be presented to the party's working committee and the central leadership -- for an opinion. The final decision will then be made by the Storting group. Probably this will not happen until the group comes together in a regular way, at the beginning of the fall season.

At present it is uncertain what place Syse sees for himself in the future disposition of Conservative Party leaders. After a long life as a "general politician," he obviously went quite happily into the special work as Minister of Industry in the years 1983-1985. Most probably he will take a position in a new government as one of the prime minister's closest collaborators.

According to what AFTENPOSTEN has learned, Willoch, Syse, and Presthus met on the political situation and the disposition of it on Friday and Monday, and they intend to have more discussions in the days to come.

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CSO: 3639/149

## BRUNDTLAND MESSAGE TO LABOR STORTING GROUP

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 3

[Article by Morten Malmo]

[Text] "We shall not be stubborn, as others are, but show will to find solutions from the left and in toward the center in Norwegian politics!" This was Prime Minister Gro Harlem Brundtland's message to the Labor Party's Storting group, which yesterday discussed the political situation and the economic proposal for 1987.

At the same time, the Prime Minister gave the following clear statement: No one must believe that the Labor Party government will be a business ministry. We will follow a policy we can stand for and defend."

Brundtland said that there cannot be many who seriously think that the measure for a government's work must be the monthly Gallup poll. "We certainly do not think that the Norwegian people are better served by a Conservative Party government, do we?" she asked, most certainly of those who are now sighing with anxiety over the Labor Party's results in the Gallup poll.

"The Labor Party has had great possibilities after the change of governments 9 May to influence developments in a difficult time. In a series of large and small matters the new government and our Storting group have been able to achieve results in accordance with our programs and our goals. This must be our measuring stick in the future as well. What is the purpose in a technical or a political struggle if it is the struggle and the high pitch that are themselves the goal?" the Prime Minister asked.

New "Brooms"

Harlem Brundtland reminded the Labor Party's Storting group that "everyone knows that there was need for new brooms in many of the government's offices. Everyone knows that stronger remedies were necessary to get changes in our tax system. Everyone knows that there will be other and better solutions that can gather a good majority behind the Labor Party's leadership. We shall not, like Willoch and Presthus, choose the tactic that begins by throwing in the cards. We must set ourselves to solve problems, even if they are created by others, and even if we are in the minority."

## The Fall Hunt

She had not forgotten either that the summer was introduced with what she called "cheery stories about the fall hunt," and that one had, on the non-socialist side, already begun to divide up the cabinet positions. The Prime Minister said that the tune has gradually changed now that fall is approaching. Brundtland noted that the parliamentary leader of the Center Party, Johan Buttedahl, has warned against "hunting for hunting's sake," and that the chairman of the Conservative Party, Rolf Presthus, has thrown cold water on the most eager of the hunters by recognizing the need for a clarification with Hagen before a new change of governments.

"The goal of the so-called hunt is not first and foremost the government, but a new platform for nonsocialist policy," Brundtland said.

## Tax Reform

Finance Minister Gunnar Berge said in his speech that the government puts great stress on the new tax system. It must have a social profile. People with normal deductions must generally not come out worse than today. "Those with high incomes and very large deductions must, on the other hand, be prepared to pay some more taxes," Berge said. The finance minister also reiterated that two areas will have priority in the government budget of 1987, namely health and social affairs and measures that lead to increased growth in the economy. In general, Berge warned of belt-tightening, but said that the above two areas would not be tightened as much as large parts of the rest of the budget.

9124

CSO: 3639/149

## SOCIALIST-LEFT CHAIRMAN SAYS PARTY MAY ACCEPT NATO MEMBERSHIP

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 4

[Article by Terje Ronnes]

[Text] The Socialist-Left Party has moderated its negative stand on NATO. Norway does not necessarily leave the alliance, but it must first of all reject the nuclear strategy, the party said. This came out yesterday when the Socialist-Left leader, Theo Koritzinsky, made a speech at the Defense Academy's information course at Gran.

In the speech, which had the title, "Security Policy Alternatives," Koritzinsky clarified, among other things, the Socialist-Left defense model, which has a military, a civilian, and an international part. The Socialist-Left wants to build up the military part as a conventional, clearly protective defense.

"This does not necessarily mean leaving NATO, but a departure from nuclear strategy," Koritzinsky said, as he pointed to New Zealand's recent similar action.

"I don't know whether the U.S. will tolerate this from Norway, but it will at any rate show the freedom of negotiation we have in the alliance," the Socialist-Left leader said.

Wants a Dissolution

To AFTENPOSTEN he toned down his statements after the speech: "The Socialist-Left still wants a dissolution of bloc policy, and the first step must be to abandon NATO's nuclear strategy," he said.

When he took the speaker's platform yesterday at the information course of the Defense Academy, Koritzinsky also tore down an old barricade. It was the first time an outspoken opponent of NATO was allowed to speak at this type of course. The reason the academy took this step is the criticism that followed the previous information course in January. In a course critique it was said that something had to be done with the course content, because the academy had to live up to its goal of giving a balanced picture of Norwegian defense and security policy. And the author of the criticism of the course was the one who yesterday was brought from the Hadeland Tourist Hotel to Gran in a military

vehicle: Theo Koritzinsky.

"This was an interesting task, because there is too little dialog cross security policy lines. Personally, I enjoyed the experience," Koritzinsky said to AFTENPOSTEN after the lecture and critical questions from the course participants.

The reactions from the audience went from "thought-provoking and interesting" to "old wine in new bottles."

9124

CSO: 3639/149



## 'GREAT UNEASINESS' IN LABOR PARTY FOLLOWING DISAPPOINTING POLLS

Oslo AFTENPOSTEN in Norwegian 28 Aug 86 p 3

[Article by Morten Malmo: "No Panic in the Labor Party After the Gallup Shock"]

[Text] The Labor Party's ship is sailing into heavy fall seas. Yesterday's Gallup shock in VERDENS GANG has not created panic in the crew, only an expected hope for better winds. There is no indication that the government's leader, Gro Harlem Brundtland, wants to give up and run the boat on the rocks so as not to break the party ship in the political storms.

Now all the hope is being placed on the success of the government in its presentation of the budget, so that "the people really understand that the party's policy is in the end the best."

The Labor Party leadership has wanted to wait in its official comment on yesterday's opinion poll in VERDENS GANG until more polls have been taken. To AFTENPOSTEN several major Labor Party politicians pointed out that one expected a drop in the opinion polls after the change of governments. It is said now that even the 37 percent support VERDENS GANG and Scan-Fact presented yesterday has not created panic in the Labor Party.

The mood in the Labor Party is characterized rather as a waiting one. The position in the party leadership is that the government this fall shall not consciously seek its death. Decisive for further strategic considerations will be the debate on the national budget within and outside of the party.

It is not the fear of not reaching political compromises in the Storting that the Labor Party leaders are thinking about most. Much more difficult will be the government's budget dialog with its own supporters. It was pointed out to AFTENPOSTEN that things can look quite different if one succeeds in the very difficult pedagogical task of explaining that hard measures are necessary. Two demands are now being made to the government by the Labor Party organization: the tax proposal must be made concrete. It must be understandable, and it must be easy to argue for it. Interest rates are too high. The government must do something about this.

No matter whether one has outwardly smiled and held the flags high, it is still clear that the drop in the opinion poll has already created great uneasiness within the Labor Party. New Gallup shocks can come soon, but the political weather warnings can also be more pleasant, one believes at Youngstorvet. If Brundtland is soon advised to change the course she has set out on, such advice may come during the party's central committee meeting next Monday and when the party's national committee meets 8 and 9 September.

9124

CSO: 3639/149

## BASQUE LEADER CRITICIZES ACTIONS OF PNV DISSIDENTS

Madrid EL PAIS in Spanish 6 Sep 86 p 16

[Article by Jose M. Vitoria]

[Text] Vitoria--*Lendakari* Jose Antonio Ardanza said yesterday in Vitoria, in paying homage to Jesus Maria de Leizaola, former head of the Basque Government in exile, that the political damage caused by the nationalists who caused the split in the PNV [Basque Nationalist Party] "is irreparable." In the presence of prominent personalities from the critical sector, who have already given public support to the new political option, called the Basque Nationalists, Ardanza asked "that if any of you still possess the slightest trace of the honesty and coherence of which you boast so much, then do not waste another minute. Do what you have decided to do and get it over with".

In his speech before former *lendakari* Leizaola, Ardanza said, "We are facing a fact of far-reaching historic importance." "It is clear," the president of the Basque executive organ continued, "that this is not the first split, nor will it be the last. What is obvious, however, is the serious consequences it will have. The Basque nationalists who have brought about this split have contracted a historic responsibility that can only help the enemies of Basque nationalism."

Carlos Garaikoetxea, invited to the ceremony as former president of the Basque Government, did not attend, giving the excuse of a previous engagement. Xabier Arzalluz, president of the PNV executive organ, was present, however. In statements to the regional center of the TVE [Spanish Television] in Bilbao, Arzalluz said that the members who left the party are those who had tried unsuccessfully to control the PNV. "There are persons who tried to control the PNV totally, but they were unable to do so democratically and finally left."

Jesus Insausti, president of the Vizcaya PNV executive organ, said yesterday that the decision of the Alava affiliates is "a great betrayal of Basque nationalism, Jose Luis Barberia reported from San Sebastian. Insausti said he felt "the pain and grief that one always feels on such occasions," but also "a certain sense of relief" because, in his opinion, the split will enable the PNV to clarify its internal situation.

In addition, sources from the new group said yesterday that six members of the lower Chamber belonging to the Nationalist group had already backed the programmatic platform of the new party. They include the president of the Basque Parliament, Juan Jose Pujana, who told EFE yesterday that he absolutely supports the new party. In addition to the president of the Basque Chamber, support has also come from Vitoria Mayor Jose Angel Cuerda and the president of the Alava General Juntas, Patxi Armazabal.

#### Party in Two Countries

The new group will receive the support of Navarrese kicked out of the PNV, following an assembly which those members will hold on 13 September. Basque Nationalists is the first Basque party to try to divide its membership in two countries, Spain and France, remaining open to members from what the nationalists consider to be seven Basque provinces (the three of the autonomous community, Navarre and the French provinces of Lapurdi, Xuberoa and Lower Navarre), which circumstance has never been observed in any other group. The new option, whose financing has not yet been decided upon, is not afraid of a possible moving up of autonomic elections and will hold its constituent conference at the beginning of next month, its leaders said at the close of the Vitoria meeting.

Political parties in the Basque Country heard of the split in the PNV yesterday without surprise. For Herri Batasuna, EFE reports, the new Nationalist Party "is born of the crisis in the PNV and is born amidst crisis," while for the Popular Coalition of the Basque Country, it is "verification of a political failure of the first magnitude." In the opinion of Euskadiko Ezkerra, the creation of the new group "must be received with attention and respect," and for the spokesman of the socialist group in the Basque Parliament, Juan Manuel Eguiagaray, the split within the PNV will make it necessary to renegotiate the legislative pact.

Manuel Fraga, president of the Popular Alliance, yesterday criticized the use of expressions such as "sovereignty" and "self-determination" in the programmatic platforms of the new party, which are "contrary to the constitutional order and the United Nations Charter." He denounced it as "a grave attack on the general stability of the common nation."

11,464

CSO: 3548/87

## MUSLIM LEADER ACCEPTS POSITION IN INTERIOR MINISTRY

Madrid EL ALCAZAR in Spanish 3 Sep 86 p 11 .

[Text] Aomar Mohamedi Dudu, Muslim leader of Melilla and president of the organization Terra Omnium, has accepted the post of adviser in the Ministry of Interior. Dudu will have an office in the General Domestic Policy Directorate, headed by Rafael de Francisco, with whom he has had several dialectical confrontations in the search for solutions following incidents occurring in recent months between the Christian and Muslim communities in this Spanish city in North Africa. Dudu will take office on 9 September and from it will head up programs of assistance to Muslims and other deprived communities. His appointment was described as "Machiavellian" by Jose Gonzalez Orel, president of the nationalist party APROME, who said that the transfer of the Muslim leader of Melilla might result in making the agents of the Moroccan Government who are in the leadership of Terra Omnium join with organization leaders to defend even more strongly their position of annexation to Morocco.

The post in the ministry was offered to Dudu some time ago and accepted by the president of Terra Omnium and the party of democrats of Melilla on the occasion of his recent trip to Madrid and following consultations with prominent members of the Muslim community, Dudu himself reported.

According to well-known members of the community, Muslim leaders look well upon the presence of Dudu in the administration, considered to be "a victory in the struggle we have waged for parity and equal rights with the rest of the Spanish citizens."

Dudu has a licence in economics, but ceased practicing his profession about a year ago, when he became the strong man of the Melilla Muslim community.

In his new post, the Muslim leader will be directly under the general director of domestic policy, Rafael de Francisco, who is a member of the Administration-Muslim Communities of Ceuta and Melilla joint committee.

Francisco is also a direct participant in the followup committee formed by members of the Administration, Melilla deputies, the government's representative in the city, the mayor and spokesmen of the municipal groups.

One of the issues to be taken up by Dudi immediately following his arrival in Madrid, he told EFE, is the problem stemming from the passage of North African citizens over the peninsula on their way to jobs in the different European countries.

The post granted to the Muslim leader, equivalent, some sources say, to that of deputy general director, will force him to spend long periods of time in Madrid.

Nevertheless, Dudu himself has said that he will have some flexibility in traveling to Melilla periodically and will be able to continue leading the Muslim community made up of some 20,000 persons.

Dudu received the proposal a few days after the Melilla political parties presented an offer of "dialogue and harmony" to the Muslim community in the North African city.

Concerning the appointment of Manuel Cespedes as government representative, Dudu noted that "we respect the government's decision and have complete confidence and full guarantees that he will carry out a policy of integration and will grant Muslims their rights."

For Dudu, the policy of the Socialist Government in Melilla "is completely clear" and there can be no circumstances that will divert the process begun, for example, for the concession of nationalities to the proper parties.

#### "Machiavellian Appointment"

Jose Gonzalez Orel, president of the Melilla nationalist party APROME, spoke with EL ALCAZAR and labeled the Muslim leader's appointment as interior adviser "Machiavellian." For the APROME leader, the brains behind the operation, Vera and De Francisco, have muddled the situation with their action so far and are trying to fix it with that appointment."

"They may be trying to get Dudu out of Melilla," he said, "but I am not sure how intelligent that measure is, inasmuch as the move to Madrid by Dudu, considered a moderate in Terra Omnium, might cause the leadership of the organization to fall into the hands of individuals who are much more radical or even of agents of the Moroccan Government, so that the measure would not be as intelligent as it appears."

Dudu is a colorful personality, as shown by the most recent political events in Melilla. Emigrating to that Spanish North African city at the age of 5, Dudu entered politics in 1979, with the first general elections. He first worked with the conservative parties, but following their losses, he shifted to the PSOE. In that party, he led a critical faction which he strengthened by his presidency of the Terra Omnium association. His defense of the Muslim community or its special interests led him, due to the lack of projection within the Socialist Party, to take increasingly radical positions and eventually leave the party. He led the Muslim community in its confrontations with the Christian group.

## Insulted the Government

Gonzalez Orel told this newspaper yesterday of his surprise, "despite the rumors," over the appointment of Dudu, "a man who has insulted the government and obstructed the work of police who were acting in a legal manner. He allows himself the luxury of calling an examining magistrate a 'fascist extremist' in a radio broadcast and opposed the application of the law in his own house."

For the nationalist leader, Dudu's history has "never" concerned him, but he commented that "first he tried to climb to the top in the PSOE, then relied on the Muslim community, who knows whether for the sake of their interests or his own." There is another danger, in his opinion, in Dudu's appointment, inasmuch as the Muslim leader will have to move to Madrid, meaning that the Terra Omnium organization, which defends the interests of Muslims in Melilla, will remain in the hands of persons around him and "who are influenced by Moroccans. They are pawns of the Alid monarch, persons that Dudu himself does not know who they are" and who will make Morocco's influence prevail in Melilla.

11,464

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## OVERVIEW OF RELATIONS WITH TRNC

Istanbul CUMHURİYET in Turkish 20-26 Jul 86

[Seven-part series entitled "TRNC: The World's Youngest State" by Sedat Ergin]

[20 Jul 86 p 7]

[Text] Nicosia—White barrels neatly arranged in a row along the yard serve as a fence and mark the border where the sovereignty of the Turkish Republic of Northern Cyprus [TRNC] begins. Bullet holes on the barrels are perhaps the most striking and lasting reminders of the recent history of Cyprus.

White barrels neatly arranged in a row along the yard serve as a fence and mark the border where the sovereignty of the TRNC begins. Behind the barrels, the "Green Line," controlled by the UN Peace Force, extends as a narrow corridor. An 18th-century aqueduct runs midway through the Green Line. Soldiers of the Peace Force run their patrols on this aqueduct. The building surrounded by trees to the immediate left of the aqueduct is the UN-controlled Ledra Palace, where representatives of the two administrations on the island once held intercommunal talks. This gate is the most important crossing point between the two states. The blue UN flag with a white dove emblem flies on the roof of the building. Immediately behind that one can see the Turkish and TRNC flags flying. The Greek Cypriot sector begins about 150 meters to the right of the aqueduct. At that point one can observe Greek Cypriot and Greek flags.

The border area is eerie as the evening descends silently on Nicosia. Only five meters behind the white barrels, a family is calmly having its dinner on their veranda. If the Greek Cypriot sentries on the other side of the border listen carefully they can hear the music flowing out of the family's room toward the "Green Line." Life continues normally on the "Green Line" which once was a region of hot conflict. The "separation" of the Greek and Turkish communities on the island and their spatial "proximity" are intertwined in this region. The owner of the house overlooking the "Green Line," Bekir Azgin [translates into "ferocious"] speaks in a manner that belies the meaning of his last name: "It is now very difficult for the two communities on the island to live together. They can live side by side under the roof of a federation. However, time is working against the formation of a federation."



Bekir Azgin is one of the leading names in the intellectual community of the TRNC. He has an interesting life story. After graduating from the School of Divinity of the University of Ankara (apparently the only area of study in which Turkish Cypriots were given scholarships in the 1960's was theological studies), he earned a doctorate from the Asia-Africa Institute of the Moscow University with a thesis entitled: "The Effects of Religion on Turkey's Social and Political Affairs." He speaks five languages. He believes--or at least he wants to believe--that the two communities on the island can live side by side in a federal state.

However, according to Azgin, the road to a federation is steadily closing. He says: "Most importantly, the generation which did have the experience of living together is passing away. As fewer people remember the old days, separation is accepted as a natural state. If there is any intent for a federation then it must be realized without delay. Otherwise, it will become very difficult. The truth is that such an intent cannot be seen in either of the two leaderships (Denktas and Kiprianou). The Greek Cypriots are primarily to blame. However, this situation does not unsettle our leadership."

In the TRNC, those who are middle-aged or older today lived intermixed with the Greek Cypriots for some time and represent the generation which has the experience of living together with the Greek Cypriots. Although their paths were separated in later years, for many years they lived in the same neighborhoods, they went to the same schools, they had friendships and they worked together. Then they fought. TRNC President Rauf Denktas and Greek Cypriot main opposition leader Glafkos Kliridhis were members of the same Masonic lodge during the 1950's when Denktas was a prosecutor in the British administration. Later, they came together at the negotiating table as leaders of the two communities. This generation remembers the past with its bitter and sweet aspects.

In contrast, young generations in both sectors of Cyprus are growing up in a very different environment. As children who were born on the date of the Peace Operation prepare for their 13th birthday on 20 July, they display a new identity. Children on one side of the border do not recognize their peers on the other side of the border. They have never seen each other. As a result, in both sectors the growing generations are strangers to each other. One experience of Nicosia Mayor Mustafa Akinci is highly indicative of how this generation perceives the other side of the border.

About 3 years ago, Akinci crossed to the Greek Cypriot side to discuss municipal services which are run jointly in Nicosia. There, he was invited to dinner at the home of Lellos Dhimitriadhis, the mayor of the Greek Cypriot sector of Nicosia. Dhimitriadhis' elementary-school-aged son awaited eagerly the evening's guest. He would come face to face with a Turk for the first time in his life. He was extremely surprised when he met Akinci. Because the image of a Turk he was indoctrinated with was very different from the image of the Turk that stood in front of him. He turned to his father and said: "They are just like us."

Akinci, the popular social democratic mayor of Nicosia and the secretary general of the Communal Liberation Party [CLP]--one of the coalition partners

in the TRNC--also believes that chances for a federation are steadily declining. Even so, he favors keeping the concept of federation as a goal. However, he does not believe that "there is any benefit in waiting for the Greek Cypriots to change their intransigent attitude for the sake of a federation." He says: "We cannot stop and wait for them. While we favor a federation, we also favor taking steps toward recognition. If some countries want to recognize us, are we going to tell them: 'We are waiting for the Greek Cypriots to accept the federation plan; do not recognize us'?"

While Mustafa Akinici wants to be optimistic on the issue of federation without concealing his pessimism and favors steps toward outside recognition like the TRNC leadership, there are others on the left who think differently. The leadership of the Republican Turkish Party [RTP], which represents the radical left, believes that the bitter experiences of the past notwithstanding the two communities can live together very well.

RTP leader Ozker Ozgur is fully committed to the concept of federation. Ozgur, who has frequently been the target of Rauf Denktas' anger because of his statements, is strikingly calm and relaxed in contrast to all the controversy about him. His commitment to a federation is rooted in the following reasoning: "The entire Europe is integrating. The EEC which is an economic integration is bringing the political superstructure with it. Greece and Turkey are integrating within the EEC. The existence of two separate states on a small island is incompatible with world realities."

If a federal solution is found, is there not a danger that the Greek Cypriot side will use its economic strength to "swallow" the Turkish Cypriot community? Ozgur says: "Measures can be taken to prevent that. Provisions can be included in the federal constitution with the regard to the economic position of the Turkish Cypriot community. For example, a certain amount of funds can be allocated to the Turkish Cypriot community from the federal budget. Moreover, the presence of Turkish soldiers on the island through the guarantorship of Turkey can resolve problems that may arise with regard to the security of the community." He adds: "It is with these thoughts that we supported the UN Secretary General's latest document. AKEL [Restorative Party of the Working People] (the communist party in the Greek Cypriot sector) also supported this document." The RTP maintains concrete ties with AKEL though not on a regular basis. RTP and AKEL leaders meet and talk primarily in World Peace Council meetings to which they are invited.

Ozgur, who does not see any alternative other than the federation solution, who keeps his distance from the issue "recognition" and who opposed the TRNC's declaration of independence from the outset, is one of the fighters of the Erenkoy resistance which is one of the most important episodes of the Turkish Cypriots' struggle to resist enosis. Following the eruption of hostilities in 1963, Ozgur interrupted his studies in Britain--where he was studying on a scholarship--to return to the island and to join the Erenkoy resistance. During the 1974 Peace operation, Ozgur served as the mortar crew commander of the Lightning Brigade in Kucukkaymakli. However, even though he has fought the Greek Cypriots in battle in the past, Ozgur still favors living together with the Greek Cypriots. He says: "I wish some collaboration could

be established between the political parties in the north and the south, and the politicians of the north and the south could come together and discuss the future of our country."

Ozgur is not alone in this approach which runs counter to the TRNC's official stance. There are others who share his views. One of these is Mustafa Adali, 29, who wants to explain the issue in terms of imperialist theory. We asked him: "Can the Turkish and Greek Cypriot communities live together again?" First, he says that he does "not agree with the reasoning of the question" and adds: "There should be no differentiation between Turkish and Greek Cypriots. Circles who want to serve the imperialists do not wish to come to an agreement; they are obstructing those who might reach an agreement, and they will not take part in a joint administration."

In the latest municipal elections, the RTP won 17 percent of the vote. The party has 12 seats in the assembly. Most of its support comes from young people. However, while the RTP is committed to the goal of federation, the majority of the people do not want to live side by side with the Greek Cypriots under a joint administration even in a two-sector arrangement. The middle-aged and older generation, who were subjected to Greek Cypriot attacks and who were oppressed for a certain period, prefer to live by themselves in the territory to the north of the borders drawn by the 1974 Peace Operation within the security of an independent state. During our 1-week stay in Nicosia and Kyrenia, we asked people from all walks of life: "Would you like to live with the Greek Cypriots in a federal state?" The responses we received indicate that the concept of "federation" is not in favor at the grass-roots level. Taxi driver Osman Kavali, 26, says: "It would be a little difficult. Too much blood was spilled here." Merchant Necdet Baha, 49, says: "That is a dream. It would not work. Even if we forget, they do not want to forget the past."

#### What Does Denktas Say?

As for the TRNC leadership, on the surface, President Rauf Denktas has given a "blank check" to the UN plans envisaging a federation and thus favors a federation in principle. However, with his experience of conflict with the Greek Cypriots, he thinks that it is extremely unlikely that the Greek Cypriot administration would agree to a federation which would be based on an equal partnership with the Turkish Cypriots. He says: "Sitting at the negotiating table with us to share a right, a law, a state or a government is something that the Greek Cypriots can never accept. This is what we cannot explain to our colleagues who insist that 'there can be peace and agreement.' The Greek Cypriot is prepared to throw you a bone out of pity and compassion--but only on condition that he would not have to do it tomorrow."

While not excluding the concept of federation, Denktas is setting his strategy toward the strengthening of the TRNC and the goal of "recognition." This strategy is largely supported by the governing National Unity Party [NUP].

In conclusion, it is seen that the existence of "two separate states" in Cyprus has been consolidated, that hopes for a federal solution are waning and that virtually all bridges between the two sides have been burned.

[21 Jul 86 p 13]

[Text] Can a 37-year-old man have 30 years of government service and retire with the highest possible retirement salary? In the TRNC, he can.

The Turkish Cypriot in question did not go into government service at the age of 7. Let us assume that he was 18 in 1963 and became a fighter following the eruption of Greek Cypriot attacks. He remained a fighter until the Peace Operation and returned from the front in 1974. In that case, he will automatically be considered to have 22 years of government service. Because according to the laws of the TRNC, every year spent as a fighter is counted as 2 years of service for the government. When this person entered the civil service at the age of 29 in 1974, he began with 22 years of service. After working in the civil service for 8 years, he could retire in 1982, at the age of 37, with effectively 30 years of government service and he could be paid the highest possible retirement salary.

During his controversial visit to the TRNC, Prime Minister Turgut Ozal gave this example during his "economic review" meeting with the TRNC Council of Ministers and, implying "let us be fair," he asked: "Can such a system be defended?"

Ozal was criticized by many circles during his visit to the TRNC. One issue over which he was not criticized at all was the operation of the TRNC's public financing system and the retirement status of civil servants within the framework of the example given above.

Beside its status of being the world's youngest state, the TRNC holds another world record. Today, the TRNC is the world's most generous social welfare state in terms of civil servants' retirement rights. In this area it surpasses even Sweden. Let us explain with examples:

In the TRNC, there is no age limit for the retirement of civil servants. Until the April of last year, the effective length of service required for retirement was 10 years. After a series of talks between Turkish and TRNC officials, it was decided that the 10-year requirement is "too generous" and the requirement was raised to 15 years in April 1985. However, the "earned rights" were not touched. Under these conditions, a 23-year-old man who began working for the government in March 1985 will still benefit from this "vested right" and will be able to retire in 1995 at the age of 33. Those who entered the civil service after the new law became effective will have to work 15 years to be able to retire.

Other interesting examples can be given with regard to the retirement system. Since every year spent as a resistance fighter is counted as 2 years of government service, there was a large explosion of young retirees after the Peace Operation of 1974. A fighter who spent 4 years on the front entered the civil service in 1975 with 8 years of seniority and retired after working for only 2 years in an actual government office. In the TRNC, you can meet many people who retired at the age of 26 or 27. Today, these individuals, who are mostly in their mid-30s, are working at second jobs while drawing their

retirement salaries. Let us also add that those who retire receive a retirement bonus of 20 to 25 times their monthly salary.

In addition, retirement salaries are adjusted according to the cost of living every 3 months, in accordance with a moving scale system, and are also subject to a separate raise as a result of changes made in the civil service pay scale every year.

Following the Peace Operation, the assemblies of the TRNC and the Turkish Federated State of Cyprus scored successes primarily on one issue: the expansion of civil servants' social rights. This was primarily due to the fact that civil servants always constituted the largest group in the assemblies. The incumbent Assembly easily passed--with the support of leftist parties--a law which allowed assembly members with civil service backgrounds to continue drawing their civil service salaries in addition to their 600,000-lira-a-month assembly deputy salaries.

#### London Hospitals for Treatment

Health expenditures in the TRNC are also considerably high. Patients who cannot be treated in the TRNC are sent abroad at the government's expense. If a hospital issues a medical report to the effect that "treatment is possible only overseas," all the patient's expenses, including air travel, hotel and hospital expenses, are paid by the government. So far, everything is normal. However, it is seen that in practice this right is abused by interpreting it very broadly.

Firstly, if the patient whose treatment is not possible in the TRNC is an ordinary citizen with no connection to influential circles, he or she is generally sent to the Hacettepe Hospital in Ankara. However, if the person in question is a senior civil servant or someone who wields influence in the government, he or she is generally sent to Britain. No one has any objections if such people are sent to Britain for major treatment such as heart or cancer surgeries. But, in practice the following situations are observed: A senior civil servant finds Turkish medical facilities inadequate for a varicose surgery and prefers to go to a hospital in London. Then there are those who are not heard of for a long time after their treatment is completed and their health is restored. Their recuperation period is observed to be longer than normal.

#### Financing from Turkey

Were the TRNC to finance these welfare expenses with its own domestic resources, then no one, including Prime Minister Ozal, would have the right to criticize the TRNC government; in fact, the TRNC would be considered and admired as "the country with the world's most advanced social welfare system financed with its own resources." However, the fact that these generous expenditures are largely financed by Turkey is sufficient to state that these expenditures are not "rational" or "realistic."

In the TRNC, the economic mill is powered by "carried water," and the budget is kept alive with "artificial respiration." Young people who retire at the

age of 30 and who receive fat retirement bonuses are in fact subsidized by tax payers in Turkey. Let us explain this assertion with numbers:

Around half of the TRNC budget is financed by Turkey. Last year, the TRNC's budget was set at 45 billion Turkish liras. Of that, 10 billion Turkish liras were spent on capital investments, and the remaining 35 billion Turkish liras were spent on current and defense expenditures. However, when the defense budget, which was only 3.5 billion Turkish liras, is subtracted from this amount, it is seen that 31 billion Turkish liras were spent on salaries for personnel, expenditures such as office expenses, and social welfare. Most of the current expenditures are directly spent on civil servant and retiree salaries. According to data provided by the Ministry of Finance, around 12,000 civil servants currently draw salaries from the government. In addition, there are at least 4,000 retired civil servants.

Only 22 billion Turkish liras of the budget--of which nearly 70 percent is spent on non-investment expenditures--comes from domestic resources; 3 billion Turkish liras come from borrowing and 19 billion Turkish liras come from Turkey. Last year, Turkey gave the TRNC 10 billion Turkish liras in direct aid and transferred 9 billion Turkish liras in Agricultural Bank loans. The Agricultural Bank loans should also be considered direct aid because they were later turned into gifts. In sum, last year Turkey paid 42 percent of the current-spending weighted budget.

#### Tax Haven

Can the TRNC not finance its budget expenditures with its own resources? This would be possible had there been an effective tax collection system. However, the fact that the TRNC is a tax haven in addition to being a retirement haven makes this impossible. Once again, let us look at numbers: Of the 22 billion Turkish liras collected in taxes last year, 9 billion Turkish liras came from customs duties, 5 billion Turkish liras came from telecommunications taxes--both of which are considered in the category of "other taxes"--and 8.5 billion Turkish liras came from personal income, corporate and fixed taxes. Income taxes totaled only 5.4 billion Turkish liras. Of that, 75 percent was collected from the paychecks of salaried workers and employees, and the remaining 25 percent came from nominal taxes paid by small businessmen. The Corporations Tax collected from firms constituted the smallest portion of the tax revenues. Of that, 600 million Turkish liras were collected in corporate taxes from banks and State Economic Enterprises [SEEs], and the remaining 1.3 billion Turkish liras came from private firms. In other words, taxes collected on private firms' profits was less than 10 percent of the tax revenue of 22 billion Turkish liras.

Finance Ministry Undersecretary Onur Borman admits that the taxes collected are inadequate and that there are serious flaws in the taxation system. This lady bureaucrat, a graduate of the School of Public Administration, insists that this situation is largely the result of the fact that the current tax laws are those that were in effect in 1963. She adds: "The taxation system has only recently begun to set in. We are emphasizing the training of revenue collection personnel in particular. The system will function properly in time."



## Dispute with Ankara

The lack of an effective taxation system constitutes one of the most serious issues of disagreement between Ankara and the TRNC government. Ankara insists that more tax revenues can be raised and that, consequently, the TRNC can finance its budget with less help from Turkey. Until very recently, however, no TRNC government made any serious efforts on this issue, stating that "this community can pay only this much."

Let us state here that Ankara does not have much confidence in the annual per capita income figures given for the TRNC. According to the TRNC's figures, per capita income in the TRNC is around \$1,500 a year. However, only 2 years ago a World Bank delegation determined this figure to be \$2,300 after lengthy investigations. While Ankara demands the collection of more taxes on the basis of this figure, the TRNC government is trying to justify the existing system by lowering the figures. This situation, which has caused serious dissatisfaction in Ankara, eventually prompted the Ozal government to do some serious accounting with the TRNC government. Following negotiations, a 6-year agreement was reached in 1984. According to the agreement, the TRNC would raise the share of domestic resources in budget revenues primarily through reforms in the taxation system, and Turkey's assistance would be gradually reduced. The agreement also committed Turkey to canceling the TRNC's accrued debt to the Agricultural Bank which totaled 20 billion Turkish liras in 1984. By the end of the 6 years covered by the agreement, Turkey's contribution to the Turkish Cypriot budget would be reduced to zero, and the TRNC would stand on its own two feet. However, in practice, the TRNC governments acted as if this agreement did not exist. As a result, when the 1986 budget was drafted Turkey's contribution was increased, much less decreased. The current 1986 budget of 67 billion Turkish liras allocates 13 billion Turkish liras to investment expenditures and the remaining 54 billion Turkish liras to current expenditures. According to this budget Turkey has to contribute 35 billion Turkish liras, while domestic resources will account for only 31 billion Turkish liras of the revenues.

According to the latest estimates, between 1974, the year of the Peace Operation, and last May, Turkey pumped a total of 64 billion Turkish liras into the TRNC budget. During the same period, tax revenues raised domestically by the TRNC government totaled 70 billion Turkish liras. On the basis of these figures, we can conclude that the TRNC governments prefer the comfort of relying on Turkish aid rather than mobilizing their own resources. The responsibility for this situation probably rests with the center-right NUP which has been the ruling party for this entire period.

[22 Jul 86 p 10]

[Text] After the Peace Operation of 1974, the Turkish Cypriots took major strides in the struggle of existence in the international arena, first in the form of a federated state and later as an independent state. They did not retreat before the Greek Cypriot administration which was able to rally virtually the entire world behind it and to have international organizations pass anti-Turkish resolutions easily. On the contrary, at the end of this

period, it was the Turkish Cypriot community which came out ahead politically. However, were the economic requisites of the political struggle fulfilled?

Today, the response to this question would be a categorical "no" whoever you talk to in the TRNC--whether they are in the government or in the opposition. Everyone admits now that the last 12 years "were lost and wasted" in view of the "failures" and the "improprieties" of the economic policies pursued.

Indeed, when the economic picture is examined in its general features, it can easily be said that the outlook is not "very bright." In the area of tourism, which is the leading potential asset of the TRNC economy, the expected "explosion" never arrived in the said 12 years. Hotels built on beautiful natural beaches are still waiting for the tourists to discover them. This summer, the hotel occupancy rate barely reached 25 percent. Air travel links with the outside world, the most important prerequisite for the development of tourism, were never established. The Turkish Cypriot Airways still does not own a single aircraft. It leases airplanes from THY [Turkish Airways] to carry its passengers. The number of flights to be scheduled depend on THY's "whims" and "consent." Passengers with "confirmed" tickets are frequently turned away at the airport because there are no seats on the flight. One TRNC assembly deputy tells us that in 1977 he and a group of deputies visited the Turkish prime minister of the time, Suleyman Demirel, who asked them "what they needed." When they told him that they needed "airplanes," Demirel immediately called the Minister of Transportation and issued some instructions. Then he turned and said: "We are buying an airplane for you. I can assure you." The deputy says: "We are still waiting for that airplane."

The continued disorganization of air service via Turkey has led some TRNC circles to complain: "Turkey is embargoing us."

There has been no progress in agriculture. When aridity and soil overuse was compounded with a flawed settlement policy in the villages after the Peace Operation, the already limited prospects in agriculture were completely lost. Agriculture was given up, and plans for agricultural reform were abandoned. Citrus groves, the most important asset of the agricultural sector, are still not exploited fully after 12 years. Oranges are still dumped in the sea, although not as frequently as before.

Exports have stalled for the last 3 years. "Suitcase tourism," which was created by Turkish tourists coming to the island for shopping and which led to the vitalization of commerce for a while, "died" after the Ozal government freed imports in Turkey. The domestic industry, which was protected for a long time, began to collapse after protectionism was reversed and Turkish firms entered the Turkish Cypriot market. Domestic industrial firms cannot compete with the products of their giant rivals in Turkey, and factories are being shut down one by one.

#### SEE Model Fails

The SEEs are generally going bankrupt with the exception of a few such as Cypruvex, which exports citrus. The SEE model that was introduced has failed.



These organizations, whose personnel was inflated during election periods in order to win votes, gradually moved away from productivity and became a heavy burden on the economy. In accordance with legislation establishing SEEs, Turkey and the TRNC each paid 50 percent of the SEEs' capital. As a result, the SEEs' executive boards are constantly plagued with serious conflicts between their Turkish and TRNC flanks. Both the Turkish and the TRNC governments occasionally view the executive boards of the SEEs as "fiefdoms" and appoint friends and relatives rather than competent managers. This has prevented the setting in of a true sense of management in these organizations from the very outset.

The monetary policies that were pursued led the economy into stagnation instead of revitalizing it. The TRNC Central Bank, which was created only 2 years ago, cannot control the emission volume--because it has no authority to print money--and consequently cannot use one of the most important tools needed to control inflation. Since the currency used is the Turkish lira, inflation in Turkey is directly imported and is "amplified" because of the peculiarities of the Turkish Cypriot economy. In view of the fact that interest rates in the TRNC are considerably lower than those in Turkey, all savings are channeled into Turkish banks. Because of this differential in interest rates, in a sense Turkey "takes back more than what it gives." It is estimated that savings deposits held by TRNC citizens in Turkish banks total more than 150 billion Turkish liras (more than 3 times last year's budget). Capital formation is not transformed into investments; business circles prefer London banks for depositing their funds.

Despite all the complaints, however, the public financing problem has not been put "in order." Nearly 75 percent of the budget is spent on current and social spending, and while Turkey finances about half the budget, TRNC governments are for some reason reluctant to put an effective taxation system in place.

Looking at this situation, one may justifiably ask the following questions: Is it not true that a community which has taken control of its destiny and created its own independent state should undertake a serious economic mobilization with a brand new "spirit" in order to realize economic development and "self-sufficiency" which are the essential ingredients of the right of independence? Could not this young state, which is struggling to assert its equality with the Greek Cypriot administration, take the necessary steps to catch up with the Greek Cypriot administration? Could not a serious quest be undertaken in at least some economic domains despite the difficulties created by the Greek Cypriot economic embargo?

Many more such questions can be asked.

According to Ankara, the primary cause of the present situation is the fact that TRNC governments did not place the necessary emphasis on the economy and the fact that they preferred the comfort of relying on the "accustomed" aid from Turkey over seeking solutions to the problems of the economy. Meanwhile, according to the administrators and the leadership (Denktas) of the NUP, which has dominated the executive branch for the last 12 years, "Turkey, too, has

its share of mistakes." The blame is equally divided. Before trying to find out who is to blame and by how much, it would be useful to look back on the state of the economy that was taken over in 1974.

According to a study sponsored by TUSIAD [Turkish Industrialists' and Businessmen's Association], what lies at the root of the problem is the conflict between the economic structure that was inherited after the Peace Operation and the economic model that the new government attempted to build on this structure. The study report says on this issue:

"In order to approach the TRNC's economic problems realistically, the Turkish Cypriots' pre-1974 economic and political situation and the characteristics of the economic system they lived with must be examined in depth. Before 1974, the Turkish Cypriots were not able to benefit from the advantages of their economic structure on an equal footing with the Greek Cypriots. However, they were accustomed to living in a certain economic structure. What was this economic structure? An outward-looking system which, while not integrated with the British economy, adjusted its economic activities to mesh with the British economy and which organized its institutions and monetary system accordingly. This small community, which grew accustomed to this set of conditions is now expected to readjust to the conditions of a closed economic system and to become self-sufficient in a short period of time."

According to TRNC President Rauf Denktas, "the errors began with the alteration of this structure." If you ask Denktas, "this structure should have been preserved." He explains: "At the time the Peace Operation was staged in 1974, we had the economic structure which today Mr Ozal is telling us to implement. We destroyed the economic model which Mr Ozal is telling us to implement after all these years."

While expressing his "respect" and "affection" for Bulent Ecevit, the prime minister at the time of the Peace Operation, Denktas criticizes him openly:

"At the time Mr Ecevit said: 'Do not be like us. Do not copy our bureaucracy and economic conditions. Do not ever do that. You have a practical Anglo-Saxon approach.' Even so, however, the experts he sent here brought us Turkey's system. As a result, we became a testing ground for 3 to 4 years. One came and did one thing, another one came and did something else."

Denktas backs his criticism with examples: "Let us take the issue of the SEEs. They were created in order to prevent our resources from being wasted. We understand that. But no capital was provided to make these organizations operational. No experts were provided to run them. In effect, we were told that we could do what we wanted while, at the same time, we were asked to do what we were told. Both of these could not be done. A fixed parity was established between the Turkish lira and the Cyprus pound. Currency is something that changes rapidly and continuously. According to our laws, however, it was kept fixed. When we said that the laws must be changed, the Turkish officials, who had the right of say because the money came from Turkey, said 'no, do not do that; we cannot manage that.' As a result, these officials brought about even greater difficulties. On the basis of the Law on

the Protection of the Value of the Turkish Currency, we were made to face major obstructions as if we were part of Turkey. These measures constrained us for many years."

These critical remarks notwithstanding, Denktas "thanks every Turkish government that has been in office" and divides up the blame as follows: "We were nothing without you (meaning governments). But when one asks us why we are in this situation let us share the blame fifty-fifty."

What Does the Opposition Think?

While the TRNC leadership refuses to accept the full blame for the scoreboard of the last 12 years, the left in the TRNC feels that it has a "clear conscience" since it had no responsibilities in the executive branch during this entire period--with the exception of the social democratic CLP which has been a partner in the 1-year-old coalition, which appears to be coming to an end. While the CLP and the further left RTP have been criticized on many issues, one area where they have been spared criticism is this issue because of their limited share of responsibility.

Both the CLP and the RTP put most of the blame on Denktas and the NUP, which has the closest ties to Denktas. CLP Secretary General and Nicosia Mayor Mustafa Akinci says: "Ten years of NUP rule have unfortunately painted a picture of ruins." He continues: "The fact that we are still begging after so much assistance from Turkey is not something one can applaud. Had the resources given by Turkey been used rationally, we would have attained a level course a long time ago."

The RTP largely shares the CLP's views. According to Ozker Ozgur, who leads the RTP, the "party of the working masses," "the fact that the ruling circles who bolster the NUP have put their habit of making money the easy way above everything else in the last 12 years has also had a role in the undesirable situation that has been created." Ozgur says:

"Our bourgeoisie has become accustomed to making money easily. They enriched themselves by staking ownership claims on most of the war booty. However, they did not put the money they earned into investments. They deposited it in banks in London or Switzerland. The NUP governments helped the bourgeoisie to prosper on hit-and-run trade."

According to the leader of the RTP, which favors a government-dominated and SEE or cooperative-led economic model, the problems of the SEEs "is a condition created deliberately by NUP circles who do not believe in the SEE system." Ozgur charges: "The NUP is a party whose goal is to prove that SEEs cannot work. The Industrial Holding Corporation is a victim of this mentality."

Ozal Appears on Stage

One could suppose that these arguments would go on and the warps in the structure of the economy would persist for many more years had Ozal not appeared on the stage. Ozal did something that previous Turkish governments

had not done: He took over the TRNC economy. He appeared before the Turkish Cypriot people with a package made up of a slightly softened version of the economic policies being pursued in Turkey. During his visit, which shook the TRNC and its institutions "at its foundations," Ozal was explicit:

Either the model he proposed would be implemented, or Turkey would cut all of its aid. Henceforth, anyone who did not work would not make any money.

The objective of Ozal's model was to reform the entire TRNC economy from top to bottom. Although not stated explicitly, Ozal's model envisaged the transformation of the entire territory of the TRNC into a free trade zone. Beside the issue of "free trade zones," which might lead to political confrontations, the package also included reforms about SEEs and public financing--reforms which should have been introduced years ago but which no one dared to implement.

The confusion of the TRNC economy had eventually forced a Turkish prime minister to intervene openly. For the first time, a Turkish prime minister was asking for sacrifices from the people and did not shrink from using aid as a means of pressure to force the acceptance of his economic model. But the sacrifices asked of the Turkish Cypriot people--who had achieved a fairly high standard of living after the Peace Operation--and the radical changes demanded in the Turkish Cypriot economy would inevitably lead to perturbations in the TRNC's domestic politics. The first concrete consequence of this perturbation was the cracking of the NUP-CLP coalition on the day Ozal arrived in Nicosia.

[23 Jul 86 p 8]

[Text] We first visited the TRNC to cover the general elections of 1981. That time, when we arrived in Nicosia on a hot June evening, we were quite surprised with the sight we witnessed in Ataturk Square, across from the Saray Hotel. A rally was organized by the radical left RTP. The Ataturk Square bristled with posters which would be sufficient to have the RTP closed in Turkey in accordance with articles 141 and 142 of the Penal Code. A crowd of nearly 4,000 was shouting slogans like "down with fascism" and "down with imperialism."

The next day, the ruling NUP held a rally in the same square. Rauf Denktas, who was then the president of the Turkish Federated State of Cyprus and who was running for president for another term, addressed the voters and delivered a speech supporting the NUP. The slogans shouted and the placards carried were obviously far different from those at the RTP rally. The main theme of this rally was the struggle of independence waged against the Greek Cypriots. The RTP, which had held a rally of its own the previous day, was accused of collaborating with AKEL, the Greek Cypriot communist party, and serving the Greek Cypriots' interests.

The same night, we saw the people who had leveled the cruelest criticisms against each other in public squares chatting and joking with each other over a few drinks in an open-air restaurant. Members of rival parties walking on the street were jokingly teased, and they in turn responded in the same light-

hearted vein. Elections were to be held the next day. There were debates, but they never reached the polarization stage.

We had another interesting experience when we were covering Bulent Ecevit's visit to the TRNC in 1984. Ecevit was barred from speaking publicly in Turkey. Despite the ban, Ecevit would talk but the press would print only a small portion of what he said. However, Ecevit began speaking freely as soon as he stepped out of the plane at Nicosia Airport. During his stay in the TRNC, he gave conferences about democracy and addressed the people at open-air gatherings. On his return to Ankara, the freedom of expression he was able to exercise so extensively in the TRNC was left at the customs office at Esenboga Airport.

While all TRNC papers widely reported Ecevit's press conference in Nicosia, where he criticized the regime in Turkey, Turkish papers were forced to subject it to self-censorship. The people of the "baby homeland" could learn about Ecevit's views from their papers, but the people of the "motherland," 35 miles to the north, could not.

Lastly, when we arrived in Nicosia to cover Prime Minister Turgut Ozal's visit we witnessed another contrast between Turkey and the TRNC. Publications which are sold in sealed envelopes in Turkey because they are considered harmful, are sold without any coverings in the TRNC.

One of the biggest differences between Turkey and the TRNC is the standard of democracy. Firstly, democracy in the TRNC does not run into accidents. Or, at least, conditions which may lead to an accident are never created here. Opposing views are able to live together in an atmosphere of tolerance and compatibility. Here, democracy has taken root with all its institutions and the culture of democracy has been endorsed by all segments of society. Although people debate, they are seldom seen quarreling. The "ability to compromise" is dominant among the different views in the society. A dialog is established even in the most critical times.

These days, the TRNC democracy is being tested to its limits. The package of economic measures prepared jointly by the Ozal government and the coalition government in the TRNC has created an unprecedented atmosphere of intense debate in the Turkish Cypriot community.

The unions (including the rightist unions) have launched a tough campaign against the package of economic measures. Mass demonstrations are held and black wreaths are laid before the building housing the prime minister's office. The RTP, on the extreme left of the political spectrum, is pursuing an extremely tough opposition strategy and says: "Ozal wants to turn the TRNC into a free trade zone like Hong Kong. They want to turn the TRNC into a prostitution haven like Singapore." Although a member of the ruling coalition, the social democratic CLP has joined the "rejection front" against the new economic model as a result of pressures from the unions, the left wing of the party and its electoral base. For the moment, the economic stability package is supported only the ruling NUP and the Denktas leadership. Prime Minister and NUP leader Dervis Eroglu says: "I made a pledge to Mr Ozal. We

will not renounce the economic measures. Even if there is a government crisis, this country will not remain without a government." In the midst of these debates, the political tension is rising steadily.

Today, the Turkish Cypriot community is at the most critical turning point of its history since the Peace Operation. It appears that the Ozal model that has been adjusted for the TRNC will not only lead to new transformations in the TRNC's internal politics, but it will also unsettle social balances.

Now let us listen to the participants of the debate over the economic model. First let us visit the headquarters of the RTP, the main opposition party. The RTP won the largest number of votes in its history in the general elections of last year. It won 12 seats in the Assembly with 21 percent of the vote--a substantial share. This is a well-organized and well-disciplined party. Most of its support comes from young people, intellectuals and low-income groups. The first thing that catches one's eye in the party's headquarters is a portrait of Nazim Hikmet and "May Day" posters.

The party's leader, Ozker Ozgur, whom party members address as "teacher" because he comes from a teaching background, believes that the TRNC democracy cannot sustain the new economic model. He says: "Our freedom of expression, union rights and the right to strike cannot sustain this recipe. The IMF recipe Ozal is imposing on us can become functional only through the abolition of democratic rights. The examples are Chile and Argentina. The IMF recipe could not be implemented in Turkey without the existence of the military regime."

It must be stated that remarks by Turkish businessmen who accompanied Ozal on his trip to the TRNC--such as "union rights here must be reorganized to permit an investment climate" (Sarik Tira) and "a pluralist authoritarian government is needed here" (Sakip Sabanci)--have caused "concern" in the RTP which is turning them into ammunition for its criticisms. Ozgur says: "Turkish businessmen want the regime in Turkey recreated here in order to invest in the TRNC. This only underscores the Turkish bourgeoisie's lack of appreciation for democracy. I see this as an unfortunate situation for Turkey."

In sum, the RTP begins its criticism by rejecting the economic model entirely. Even if it cannot prevent the implementation of the model, it is preparing to capitalize on the inevitable resentment and discomfort the "bitter medicines" will cause among the people.

#### CLP's Dilemma

The party which is the most deeply affected by the economic stability program is the social democratic CLP, a partner in the ruling coalition. The economic stability measures have brought the CLP to a point where it has to make a decision about whether it will stay in the coalition. The three CLP ministers in the cabinet and some RTP deputies in the assembly initially gave their "green light" to the package; in fact, according to Denktas they played a "instrumental role" in the preparation of the package. However, when CLP Secretary General and Nicosia Mayor Mustafa Akinci, an influential figure in

the party, intervened in the situation at the last minute, the CLP ministers "renege" one day before Ozal's arrival in the island--that is one day before the date the economic package would be disclosed to the public. It can be said that this movement within the CLP had a decisive role in forcing Ozal to depart empty-handed and without being able to open the package. Some CLP members note: "Ozal encountered the first serious opposition in his political life from us."

Akinci, who was the architect of the incident that resulted in the cracking of the coalition, finds the planned model "dangerous" for democracy. His criticisms of the stability measures can be summarized as follows: "They want to make the working class pay for the flawed economic policies that have been pursued so far. No compromises can be made in the rights of the working class. They want to liquidate the SEEs. But all these moves envisaged by the model are not included in the government program we drafted with the NUP. Moreover, the package does not even mention the cooperatives we want to strengthen."

The CLP, which scored a major success in 1981 by winning 28.5 percent of the vote, but which fell behind the RTP in 1985 with only 15.5 percent of the vote, is experiencing bellyaches today. The restlessness that has always prevailed in the party surfaced completely with the arrival of the economic stability package. This may lead to resignations from the party and the creation of new balances within the CLP.

In the TRNC, social democracy is strong in terms of popular support. However, the CLP is losing confidence among its electorate because of the unending infighting in the party where everyone is a leader of his own. As a result, social democracy in the TRNC is unable to recover itself because of internal disputes and is paying the price for that by steadily losing votes. The vacuum created by uncertainty in the social democratic community is filled by the RTP which pursues a more consistent policy.

#### What Do NUP Members Think?

While the CLP is busy with its internal problems, Prime Minister Dervis Eroglu of the NUP, the center-right partner in the coalition, is determined to fully implement the economic stability measures. He is waiting for the conclusion of the CLP's internal disputes. He plans to dissolve the coalition if the CLP decides to remain in the government and to block the stability measures. He says: "A coalition means agreement on some minimum common ground. If we were not in agreement on some common grounds, this letter would not have been sent to Mr Ozal. If they choose to block the stability measures, that will mean that this coalition cannot work."

Eroglu, who is also the NUP's leader, assures that the new economic program will not restrict democracy or union rights in any way and says: "The NUP did not pass the lockout bill when it had 30 seats in the assembly. We oppose the impairment of democratic rights."

With regard to expectations by Turkish businessmen who accompanied Ozal on his trip to Cyprus that union rights in the TRNC must be reviewed, Eroglu says:



"We cannot change them." He adds: "From a standpoint of wages, union rights, transportation and political status, conditions here are not suitable for large investments. The Turkish investor must come here not for profit but to help the growth and promotion of the TRNC. They must come here because they would feel proud to do that."

When we reminded Eroglu that "Turkish businessmen are reluctant to invest in eastern Anatolia, much less in the TRNC," he said: "All businessmen want to make profit. But the structure of the TRNC is different. Profits must be of secondary importance in investments to be made in Cyprus."

TRNC President Rauf Denktas supports the prime minister on the economic model issue and is convinced that the stability measures must be implemented. He accuses the detractors of the package with "clamorism." He says: "Nobody is trying to force the package down their throats. In a democratic system everyone can say and state what he wants to." However, Denktas, who backed the package resolutely at the beginning, later started talking about the fact that "the package is open to discussion" and the "need to have it evaluated by economists." Is it possible that the TRNC President "began stepping on the brakes" out of political concerns at home? This is possible. For one thing, Denktas believes that the NUP failed to build sufficient public opinion support for the economic stability package. One may presume that the opposition's success in making a certain impact on the people through a relentless campaign against the economic package by waging propaganda in every village forced Denktas to reevaluate his position. Because the "uncompromised" implementation of the stability measures, as Ozal wants, may lead to the weakening of the center-right NUP and the strengthening of the left. Can Denktas and Ankara risk this likelihood in their ultimate evaluations? Based on this fact, we can assert that even if the stability measures are implemented they will have to be "softened" to a certain extent.

Let us set aside these possibilities and let us look once again at the state of the ruling coalition. Even if the CLP withdraws from the government entirely, the NUP has a life-saver that cannot be minimized: the New Birth Party [NBP]--"the party of the mainlanders," as is widely believed in the Turkish Cypriot community.

[24 Jul 86 p 8]

[Text] "Unfortunately, they had the NBP formed just when the settlers had begun looking for a place in the local parties. It was not formed; they had it formed."

This charge is made by none other than Prime Minister Eroglu about the NBP which has carved an important position for itself in Turkish Cypriot politics and which has managed to win four seats in the Assembly thanks to the votes of settlers from Turkey. We asked him:

"Sir, you are saying that the NBP 'was not formed' and that 'they had it formed.' Who had the party established?"



The TRNC's mild-mannered young prime minister prefers not to comment on this issue. He says:

"You should find that out yourself."

If you ask RTP leader Ozker Ozgur, the answer to the question "who had NBP established?" is very simple: "The Turkish embassy."

According to Ozgur, "since there has been no assimilation between Turkish Cypriots and the mainland Turks, this latter group is run by the Turkish embassy."

However, it turns out that the "current" Turkish embassy personnel, particularly Ambassador Bedrettin Tunabas, had no part in the emergence of the NBP issue. It appears that Ankara's "current policy" is to support the assimilation of mainland settlers with the local parties in the TRNC rather than having a separate party for the settlers. However, even if this is Ankara's current approach, it appears that a "judgement error" was made in the past. According to several reliable senior administrators in the TRNC, the architect of the NBP is Bedrettin Tunabas' predecessor, Ambassador Inal Batu. In order to see the role in Turkish Cypriot politics of mainland Turks who settled here and who became TRNC citizens, we must go back to the beginning of this movement--to 1980, when retired Col. Ismail Tezer formed the Turkish Unity Party [TUP]. Eroglu recalls the formation of the TUP:

"This party caused the greatest damage. Because when it entered the elections in 1980 its sole capital was the issue of mainland Turks and Cypriot Turks. It had no other ideas. Under the banner of being the party of the mainlanders, it tried to exploit the Turkish settlers. Its sole capital was to insult Turks born in Cyprus. It tried to win votes by divisive remarks such as: 'These people do not have any respect for us. They are Venetian degenerates and British bastards.' It won one seat in the Assembly and that deputy became a minister. However, later it became clear that this party is harmful and even our settler compatriots rejected it."

According to Eroglu, the "guided formation" of the NBP following the collapse of the TUP led to the reemergence of divisive slogans.

#### Besesler Denies Charges

NBP leader Aytac Besesler denies all charges leveled against his party and says: "Those who told you these things and those who think this way must talk directly to us and learn the truth for themselves."

Besesler is a 1960 graduate of the War Academy. He came to the TRNC in 1976 to serve with the Turkish Peace Forces and settled in Famagusta in 1979 after retiring from military service with the rank of major. Besesler who became a citizen of the Turkish Federated State of Cyprus first entered politics in the ranks of the NUP.

For a while, he served as the administrative secretary of the NUP organization in Famagusta. He ran for office on the NUP ticket in 1980, but could not win.

Later, he organized a movement to lead settlers from Turkey and formed the NBP. The number of votes won by his party in the 1985 general elections surprised everyone. The NBP won three assembly seats in Famagusta and one seat in Nicosia and became the swing party in the Assembly.

Besesler denies that his party discriminates between settlers from Turkey and Turkish Cypriots. He says: "There is no such thing as the party of mainland Turks. Those who formed this party are citizens of this country and are conducting their political activities in accordance with the laws. Our leadership includes Cypriot Turks as well as settlers. If the other parties cannot fulfill their promises, then the emergence of new quests is inevitable. We organized as a result of such a quest. We are exercising our legal rights as citizens of the TRNC. I do not know why they are still describing us as the party of mainland Turks."

Even if we accept that the NBP does not "discriminate" as Besesler says, the fact that all four of this party's assembly deputies are mainland Turks gives an idea about the party's structure and its electoral base. However, Besesler objects immediately: "Yes, our deputy colleagues are settlers from Turkey. However, three of them are married to Turkish Cypriot women. This shows that our colleagues are assimilated with the Turkish Cypriot people."

#### Why Assimilation Failed to Materialize

The population of the TRNC is today estimated at around 150,000. Nearly 30,000 of this population are settlers from the mainland who immigrated to the TRNC after the Peace Operation of 1974. In other words, today one out of every five TRNC citizens is a settler from Turkey. The present condition of these settlers in the TRNC, the adjustment problems they are having in their relations with the local people and their increasing influence in the country's internal politics are sociological research topics in their own right.

After the Peace Operation, around 40,000 settlers from Turkey immigrated to the island. Of these, 10,000 did not find what they expected and could not adjust to the local environment and living conditions. So they decided to return to Turkey. The remaining 30,000, however, represent an undeniable "reality" in the TRNC with all their problems.

Most of the settlers live in the Famagusta region and in villages in the Karpas region, which is the long peninsula on the eastern end of Cyprus. Most of them make their living on agriculture. The survival of agriculture in the TRNC despite all the difficulties is largely the result of the efforts of these mainland settlers. A tour of the settler villages shows that settlers from Samsun, Antalya or Diyarbakir congregate in separate villages.

Everyone admits that the settlers have not assimilated with the local people to the desired extent. The most important problem stems from the fact that the settlers have not been able to adapt to the lifestyle of the local people. The fact that the settlers are much less educated than the Turkish Cypriots--who have a literacy rate of 90 percent--is in itself a major source of incompatibility. A second factor is the difference in temperament. Zeynep

Solen, a settler from Adana who now operates a restaurant in Nicosia, admits that there is a difference in temperament: "The people here are calmer and less noisy." According to RTP leader Ozker Ozgur this temperamental difference can be illustrated by an example: "If two Turkish Cypriots have a traffic accident, they will settle it without a quarrel. If two mainland Turks have a traffic accident, they invariably fight. The police has to be brought in."

According to the barman of the Saray Hotel, Durmus Celik, 25, another factor which has a role in the failure of assimilation between the two groups, is the tendency of the settlers to resist change.

Celik says he is part of the minority which has adapted. In fact, it appears that the young generation has mostly adjusted to the local environment. Celik explains the reasons he could personally adjust himself: "I was 13 years old when I came from Sivas. It took me 2 to 3 years to adjust. This was partly due the fact that I went to school with Cypriot students. I also had good friendships with Turkish Cypriot students studying in universities in Turkey. I began working in the Saray Hotel in 1979. I began having a bigger circle of friends. But I am in the minority. Most of the settlers from the mainland have a rural background. They keep on living here in exactly the same way they lived in their villages. They have no intention of adapting to the local conditions. On the contrary, they are bringing Turkey here. In the end, a distinct line was drawn between the two groups. Two different communities emerged."

The "distinct line" between the settlers and the local populace is underscored by separate coffee shops and grocers in some settlements.

How do the local people view the issue of adaptation? Necde Baha, 49, who operates a large supermarket in Nicosia, had his second marriage with a settler from Turkey. He is devoted to his wife, but he admits that there is a temperamental difference between them. When asked whether "they get along," Baha smiles and replies: "We have to get along. Both sides must adapt in a marriage. You have to tolerate each other." In view of his personal situation, Baha is in the center of the "assimilation" controversy. Baha also says: "There has been no assimilation with the settlers from Turkey. Because the settlers from Turkey want to keep their customs and traditions rather than adapt to Cyprus."

#### Main Problem: Economic Disparity

Restaurant owner Nail Bunyat, 50, was born in Amasya. He settled in Nicosia after the Peace Operation and opened a restaurant on Girne Boulevard. He says that he is "happy." He adds: "But all the settlers have problems. The formation of a party was justified. We do not agree with discrimination between mainland and Cypriot Turks. We are all Turks and Muslims. However, one cannot deny that the compatriots who came from Turkey have problems."

One of the leading complaints of the "compatriots from Turkey" is the fact that to this day the TRNC governments have not taken a serious approach to their problems. When talking to the settlers, you immediately sense that they

have the impression that they have been "excluded" and that they are "considered second-class citizens." They do not conceal their feelings in conversations. In fact, the "economic factor" is at the heart of the problem. In other words, the settlers cannot have the share of the pie they wish to have. When the incomes of Turkish Cypriots and the settlers are compared large inequities are observed. While the local people enjoy an advanced welfare system and "take their share" of growing commerce, settlers from Turkey continue to be tied down to their land and fail to develop in a backward economic structure. NBP leader Besesler agrees with this view:

"Assimilation is spreading steadily. However, we cannot say that it has materialized in the full sense of the word. Economic insufficiency leads the list of complaints."

According to Prime Minister Eroglu, on the other hand, a faulty settlement policy is at the root of the assimilation problem. He says:

"Settlers from Turkey were settled in groups and were not assimilated with the local populace. For example, the open area of Famagusta was settled exclusively with settlers from Antalya and Mersin. In my opinion, if the settlers and the local people were equally dispersed in the settlement areas, assimilation would have begun a long time ago."

The "dualism" whose reasons we tried to explain above is reflected in the TRNC's political structure. The settlers, whose numbers cannot be minimized are saying "we too exist" and are voting for the NDP which they believe represents their own interests. The party most concerned about the rise of the NBP is the NUP. Because NUP leaders who until lately took the settlers' votes for "granted" have realized--alas too late--that the NBP is a movement that hurts their interests. At the very least, the NBP's success in winning the four assembly seats at the 1985 elections was due to the support of the settlers who voted for the NUP until recently. But most importantly, this success prevented the NUP from taking office on its own. While at first glance the NBP appears to be a rightist party, it is believed that it also has the support of the social democratic segment of the settler community.

The NBP, which now controls the settlers' votes and which some ruling circles in the TRNC consider as the NUP's "natural ally," appears to have a strong bargaining position vis a vis the NUP. Within this framework, it seems inevitable that the NBP will expand its influence in the TRNC's domestic politics in the future.

Working from this premise, NUP strategists and officials are making plans to dissolve the NBP within their party. The NUP knows that it can become government on its own only with the votes of the settler community. As a result, in the last elections, the NUP strategists tested a new tactic to attract settler votes. They included influential figures in the settler community on their tickets to win the settlers' votes. Turkish Cypriot candidates who were placed below the settler candidates in their party's ticket undertook an intense campaign and had these names removed from the ticket. At the end of the elections, the settler candidates could not win seats even though they were listed higher up in the ticket. The meaning of

this outcome is as follows: Just as the settlers are reluctant to vote for Turkish Cypriot candidates, the local people harbor no sympathy for the settler candidates.

In the coming days, one may expect the staging of scenarios designed to assimilate the NBP with the NUP. However, can the process of "assimilation" which has proceeded very slowly among the people work quickly at the party level? Can two different ideologies be merged under the roof of a single party? It is hard to give a quick "yes" or "no" answer to these questions.

The TRNC leadership is also unsettled by the phenomenon of the NBP. President Denktas objects to the organization of mainland settlers under a separate party. However, according to Denktas "the TRNC parties are solely to blame" for the emergence of the NBP. He says: "Had the necessary precautions been taken at the time, this would not happen. The issue was turned into a conflict of interests, and this is what happened."

However, Denktas is still optimistic: "I take a positive view of the matter. Because now there is competition on both sides. The NBP is trying to win more Cypriot votes, while the others are trying win the votes of the mainland settlers.

"As a result, this issue is no longer as big as it appears to be and it has begun moving in a positive direction. We are all to blame for this; we all had a role. There are also roles that all of us have to play in the future."

Like Denktas, Prime Minister Eroglu also favors the organization of the settlers within the existing local parties. According to Eroglu, the presence of the NBP is a major obstacle in the process of "assimilation." He says: "The settlers from Turkey must take part in an existing party of their choice rather than a separate party of their own. I do not believe that a party which unites even rightist and leftist ideas under the banner of being from the mainland can bring any benefit to this country. Parties are usually made up of people who share a common ideology. This party, on the other hand, has everyone from the extreme right to the extreme left."

In an effort to eliminate this "dualism," Eroglu recently banned the use of the term "of mainland origin" in official correspondence and demanded that everyone be referred to as TRNC citizens. According to Eroglu, "the time has come to drop the terms 'mainlander' and 'Cypriot.'" However, he adds: "These terms will be used as long as the NBP remains on the political scene."

As is seen, the status of being a mainlander has become an important element of the domestic politics of the TRNC.

[25 Jul 86 p 8]

[Text] "Relations between Turkey and the TRNC should have been organized such that the problems would have been resolved a long time ago. Most importantly, the Turkish Cypriot people must have the authority to take even the most important decisions on its own, feeling the sense of responsibility on its shoulders."

TRNC President Rauf Denktas' son, Raif Denktas, who died last year and whose absence is felt more strongly every passing day, made these remarks in an article published shortly before his death expressing his critical viewpoint of Turkish-TRNC relations.

"Relations with Turkey" is the most talked about subject in the TRNC. Even if the "mainland" public is not aware of this fact, these relations are an inseparable part of the daily life of the man in the street in the TRNC and constitute a major item on the political agenda. In domestic politics, harsh debates occasionally erupt over how relations with Turkey should proceed. The issue of "relations with Turkey" cannot be overemphasized; from a psychological standpoint it is also the most emotional issue in the TRNC.

How does the Turkish Cypriot community--which resisted the systematic attacks of the pro-enosis Greek Cypriots with the help of Turkey for years, which lives in peace and security today thanks to Turkey's intervention and which maintains an advanced social welfare system with aid from Turkey--view the "Motherland" and its relations with Turkey?

Firstly, the man in the street believes that Turkey is the TRNC's greatest source of strength and that as a result Turkey plays a determinant role in the TRNC. For example, whenever you ask "Why was this done?" on even the most irrelevant matter, the reply that you get is: "That is what the Embassy wanted."

Does the Turkish embassy in Nicosia really interfere in everything? The ambassador also carries the title "Head of the Turkish Aid Delegation." This delegation is responsible for aid which finances nearly half of the TRNC budget. It is obvious that a mutual consultation mechanism between TRNC authorities and the embassy is used in the disbursement of the aid. But what is the extent of the interference?

TRNC Prime Minister Dervis Eroglu says: "It is said that there was interference in the past. I have been in office for a year, but no such thing happened during my tenure. We have received no suggestions other than Mr Ozal's proposals." Meanwhile, a senior TRNC official, who does not wish to be identified, does not conceal the resentment caused by interference in the past. He says: "The attitude of certain people from the Turkish side who did not understand the realities of Cyprus led to resentment in relations between Turkey and the TRNC."

While speaking about interference, we can also say that this impression among the people was partly caused by the tendency of TRNC officials to "take the easy way out" and to blame Turkey for some decisions and practices. The mentality which extricated itself by saying "Turkey wanted it this way" in controversial decisions--even when they were made with their own knowledge--has helped the consolidation of this impression.

#### Impressions With Regard to Turkey

The issue of a proper framework for relations with Turkey has been a longstanding topic of discussion in the TRNC's "political elite." We can summarize the main currents on this issue under three headings:

1. Those who are unconditionally committed to the Motherland: This group, which is led by TRNC President Rauf Denktas and which includes the center-right NUP, favors close coordination with Turkey and says: "We must comply with any wish from the motherland." The TRNC leadership looks north, toward Turkey, for directions. It sees Turkey as a "holy" power. It never forgets that the Turkish Cypriot community has reached where it is now thanks to Turkey's support and assistance. It wishes to keep this awareness as a "code of law" in the community. It considers posturing against Turkey as "irreverence." For example, Denktas sees the acts of protest committed by the RTP deputies against Turgut Ozal as an unforgiveable act. He says: "If I had heard this from somebody else, I would not believe it. The Turkish Prime Minister came and some of our colleagues in the Assembly did not stand up. This is irreverence. No matter what party we belong to, whether we love Turkey or not, this community has so far shown nothing but affection and respect for all officials representing Turkey. This nice tradition was disregarded for the first time."

The only exception to this general stance by Denktas is observed in diplomatic maneuvers with regard to Cyprus. While Denktas emphasizes constant consultations with Ankara on the strategy to be pursued on international forums, he sometimes "does not listen" to Turkey in certain situations when Ankara wants to hold him back. Denktas displayed this attitude on several occasions in the past when he was asked to compromise in certain situations. However, even when he "did not listen" to Turkey, Denktas won the support of the "mainland" public opinion--which he knows is on his side in such situations--and pursued his posture not on his own but with the backing of Turkey's public opinion.

2. Those who keep a distance from Turkey: This group includes those who oppose Denktas' stance on relations with Turkey, that is those who say: "We must not comply with any wish from the motherland." This group primarily consists of the leadership of the RTP, which stands on the far left of the political spectrum. RTP leader Ozker Ozgur says: "Relations between Turkey and the TRNC must be exactly the same as relations between any two countries. The principal prerequisite for that is adherence to the principle of noninterference in internal affairs." While admitting that it is "natural" for Turkey to have a certain influence because of "cultural heritage", Ozgur says that Turkey has "no right to impose any decision on the TRNC" with regard to any issue. Occasionally, the RTP leadership takes harsh stances toward Turkey.

While Denktas looks north for direction, the RTP leader and his colleagues look primarily to the south. Because they are fully committed to the ideal of a federation. They do not share Denktas' "sentiments" toward the Greek Cypriots. As a result, Denktas has burned his bridges with the RTP leadership. Denktas believes that in the RTP there is an "extreme group" which wants "to burn all bridges with Turkey." RTP leaders deny this charge and in turn accuse Denktas of "chauvinism."

3. Those in the middle: This group includes those who are exactly half way between the policy lines represented by Denktas and the RTP. This group consists primarily of social democrats. They are not afraid to criticize



Turkey, but their criticism is not as harsh as that of the RTP. This group says: "Since we established an independent state of our own and since Turkey recognizes us, then the motherland should pay attention to the independence of the TRNC." CLP Secretary General and Nicosia Mayor Mustafa Akinci says: "Relations between Turkey and the TRNC is an extremely sensitive issue. Unfortunately, there are constant attempts to abuse it. These relations must be turned into brotherly ties on a firm foundation and within a framework of mutual solidarity." Noting that Turkish governments did not "discriminate" among parties in the TRNC in the past, Akinci says: "Unfortunately, this tradition ended after the Ozal government took office in Turkey. Because the Motherland Party government in Turkey sees the NUP here as a brotherly party and is helping it."

#### Effect of Psychological Factors

Despite different perceptions in political circles, the most important characteristic of relations between Turkey and the TRNC is that they are built on strong and firm foundations. These relations are particularly strong among the people. However, while there is a strong commitment to Turkey, it is also evident that the Turkish Cypriot community has a separate identity and that it wishes to preserve that identity.

For example, Necdet Baha, a businessman in Nicosia says: "Personally I favor the preservation of our identity. We are all proud to be Turks. We are fully committed to the motherland. However, the Turkish Cypriot has a more contemporary lifestyle. We are in better harmony with Europe. This must be preserved."

Another "sensitive" issue that emerges in the discussion of efforts to "preserve the identity" of the Turkish Cypriot community is the "psychological" dimension of the Turkish-TRNC relations. The Turkish Cypriot community is extremely sensitive about how it is perceived by Turkey's official and civilian representatives. We can cite as an example the resentment caused by the following remarks by prominent businessman Ali Kocman, who accompanied Ozal on his trip to the TRNC: "After seeing the TRNC, I will declare my own republic of 130,000 people in Yenikoy when I return to Istanbul." These remarks, which were published in a few lines in the back pages of an Istanbul newspaper, were talked about for days in the Turkish Cypriot community. Ali Korun, 49, one of Nicosia's interesting figures, says: "The people were enraged by Kocman's remarks. I strongly resent such remarks about us." Like Kocman's remarks, Prime Minister Ozal's "frank" posture during his visit to the TRNC is also expected to leave lasting traces in the Turkish Cypriot community. The fact that Ozal poked his finger in the eyes of the Turkish Cypriot community--perhaps justifiably--and took an attitude of "you will implement this economic model or I will cut our aid" rather than stating cautiously that the country's economy must be put in order and the fact that he did not even feel the need to conceal the imposition of an economic model on the TRNC led to the reemergence of the debate about "relations with Turkey."

This reached a point where for the first time in the TRNC's history a guest from Turkey was protested by certain segments of the community. RTP deputies



registered their protests by refusing to stand up and to applaud when Ozal entered the Assembly and by not going to the airport to bid him farewell when he left the island.

In the past, Turkish prime ministers and leaders who visited the TRNC were very careful on this issue and avoided any statements or postures which could create the impression that they were interfering in the internal affairs of the Turkish Cypriot community. For example, during a visit to Nicosia in 1982, the prime minister of the time, Bulend Ulusu, emphasized the need for economic revitalization but, unlike Ozal, he used a cautious style in delivering this message to avoid creating the said impression.

This "interventionist" attitude by Ozal will most likely lead to an intensification of the polemics over Turkish-TRNC relations in Turkish Cypriot domestic politics, the polarization of the community into "those who oppose Turkey" and "those who support Turkey" in the debate over the economic stability package, and these highly-probable polemics will inevitably "harm" relations between Turkey and the TRNC.

Could not Ozal take a more "sensitive" posture on this issue? For example, when he landed in the TRNC, could he not say "the model which we believe is suitable for the TRNC" rather than "the economic model we are going to implement here"? Could not the letter sent to him by Prime Minister Eroglu--a letter written in the style of the "letters of intent" sent to the IMF--be postponed until after his visit? Could not Ozal prevent the creation of the impression that Turkey is imposing its own model by only talking about the need for economic reform during his stay in the island and by deferring the implementation of the economic stability measures to a future date? Thus, could not the government crisis that followed the meeting be prevented?

Had a strategy which would at least prevent the posing of these questions been pursued, it would have been much more "beneficial" for the future of the Turkish-TRNC relations.

[26 Jul 86 p 8]

[Text] "How does it feel to be the ambassador of a country which is not recognized by anyone?"

Peker Turgut, the TRNC's sole diplomatic representative with the title of "ambassador" responds to this question with a smile: "Being the ambassador of a country which is not recognized is an obstacle from a standpoint of establishing direct contacts, but that does not mean that contacts are not held. Contacts are easily held indirectly."

Ambassador Peker Turgut, the TRNC's first envoy to Ankara, is a graduate of the School of Public Administration and has master's degree from Oxford. Previously, he served as Undersecretary of Finance, he was involved politics and he was the former editor-in-chief of the Nicosia daily, HALKIN SESI. In the Turkish Foreign Ministry's protocol, Turgut receives the same treatment as the ambassadors of other countries. For example, he attends ceremonies where ambassadors in Ankara are introduced to visiting heads of state, and in terms

of seniority, he is ahead of the Indonesian ambassador and behind the Australian ambassador. In many receptions in Ankara he can frequently be seen chatting in a corner with the ambassadors of Western or Islamic countries.

However, a pair of eyes continuously monitor Turgut's social contacts: those of the Greek Embassy. As soon as foreign diplomats are seen talking to Turgut, the Greek embassy immediately reports them to their respective governments. Thus, so far Greece has protested three diplomats in Ankara--one from a Far Eastern country and two from Western countries--for establishing contact with the TRNC envoy.

It would be misleading to say that the scope of Turgut's activities is limited to social contacts. Because, sometimes his contacts take on an official character. Some foreign ambassadors hold business talks of an official nature with Turgut, primarily on issues related to their countries. Sometimes, Peker Turgut receives from foreign embassies official letters or notes addressed to "Mr Peker Turgut, Ambassador of TRNC, Ankara." Turgut maintains contacts with a major portion of the foreign embassies in Ankara. Most of these are the missions of Western and non-Arab Islamic countries.

The diplomats who treat Turgut most coolly are the representatives of Eastern Bloc countries. The embassies of these countries are extremely careful to avoid contact with and to keep their distance from Turgut.

#### Diplomatic Activity in TRNC

This hard-line stand by the Eastern Bloc is also practiced in crossings from the Greek sector of Cyprus to the TRNC. Most of the embassies stationed in the Greek Cypriot sector maintain contacts with the TRNC. The majority of the diplomats accredited to the Greek Cypriot administration frequently cross into the TRNC both for recreational purposes and to hold official talks. For example, whenever there is a major development with regard to the Cyprus problem, ambassadors stationed in the Greek Cypriot sector cross over to the TRNC and talk to Foreign Minister Kenan Atakol and President Rauf Denktas to learn their views. According to Atakol, diplomats from Eastern Bloc countries constitute the only exception to this practice. When these diplomats cross into the TRNC they limit their contacts to parties and newspapers and avoid any talks with officials. However, ambassadors of Eastern Bloc countries pay courtesy visits to President Denktas to say "hello" when they begin serving in the Greek Cypriot sector and to bid farewell when their tour of duty is over. Also, whenever the Kremlin makes a move with regard to the Cyprus issue, the Soviet ambassador visits Denktas and briefs him on the new developments.

Diplomats working for the embassies of Western and Islamic countries in the Greek Cypriot sector can always be seen in the TRNC. Beside these contacts, another significant indicator is the fact that three embassies in the Greek Cypriot sector have opened representative offices in the TRNC. The United States, Britain and the FRG maintain representative offices flying their flags in the Kosklu Ciftlik quarter of Nicosia.

The TRNC's contacts with the outside world is not limited to contacts in Ankara and Nicosia. The TRNC has diplomatic missions in four major Western

centers. The TRNC has long maintained a mission in London where nearly 40,000 Turkish Cypriots live. The TRNC's representative at the UN, Ozer Koray, maintains close contacts not only with the UN Secretariat with regard to the Cyprus question, but also with the diplomats of many countries accredited to the UN. Meanwhile, Bora Atun, who serves in Brussels, meets regularly with members of the EEC Commission and the European Parliament. The TRNC's Washington representative, Bulent Ali Riza, a youthful diplomat, can be seen in the corridors of the State Department or Congress. The contacts President Denktas will hold with congressmen during his "unofficial" visit to Washington in September were largely arranged by Bulent Ali Riza who is described as an "aggressive diplomat."

According to TRNC Foreign Minister Kenan Atakol, the TRNC today has commercial relations with 70 countries. Britain, the FRG and Saudi Arabia lead these countries in terms of trade volume. It is interesting that while the TRNC is not recognized by the EEC it receives the full benefits of the customs privileges granted to the Greek Cypriot administration which is known as the "Republic of Cyprus." TRNC products, stamped with the label "Made in Cyprus," pass easily through EEC customs without any quota restrictions. In addition, a limited part of the funds provided by the EEC to the "Republic of Cyprus" is transferred to the TRNC. For example, a sewage project being built by the Nicosia Municipality is financed by the EEC. Moreover, in its talks with the Greek Cypriot administration with regard to the customs protocol, the EEC Commission keeps the TRNC informed about the status of the talks to emphasize the fact that this unrecognized state is not excluded and that a proper consulting mechanism is in effect.

Meanwhile, part (one-fifth) of the funds the funds allocated by the United States to Cyprus through the UN is transferred to the TRNC. In addition, various organizations affiliated with the UN are running several projects in the TRNC such as the Nicosia Master Plan and veterinary services. In other words, the TRNC is de facto recognized. However, for the moment this de facto recognition has not been turned into de jure recognition.

#### Political Conditions Mature for Recognition

The truth is, however, that the TRNC has more than enough institutions legally required for a state. The TRNC is a young state that has established and proven itself with all its institutions. More importantly, it is a state which keeps respect for human rights above everything else and which has a "genuine" Western-style democracy. Even so, however, no "recognition" is granted.

When will the TRNC be recognized? According to President Denktas, "there is no need to hurry." Denktas says: "Recognition is a slow process that will materialize in time. The example of Bangladesh is well known." While formally "recognition" is primarily a "legal" issue, in essence it is a "political" issue. It is a process which requires the maturing of political conditions with regard to the state waiting for "recognition" and sufficient political courage by the recognizing country to overcome the reaction that may be created in the international field.

## Political Basis Matures for Recognition

When the 3 years following the declaration of independence are examined, it can be said that political conditions needed for the recognition of the TRNC have begun to mature. On this issue the TRNC is largely aided by the Greek Cypriot administration which has displayed an intransigent stance by rejecting all proposals put forward by the UN Secretary General. In a way, the Greek Cypriot administration, which has no inclination to accept the equality of the Turkish Cypriot community in a prospective federation, which benefits from all the "advantages" of having international recognition and which believes that sharing its present political and economic advantages with the "north" would be a "sign of weakness," is preparing the political grounds that can justify the recognition of the TRNC.

At this stage, the inclination to grant recognition to the TRNC is gaining strength in some Islamic countries. For example, the surfacing of reports to the effect that Pakistani Prime Minister Mohammad Khan Junejo told Prime Minister Ozal during his recent visit to Ankara that "we are ready to recognize the TRNC" and the visiting prime minister's statements in subsequent press conferences to the effect that "the issue must be taken to the Islamic Conference and a collective decision for recognition must be taken" prove the existence of an "intention."

## Key Rests in Washington

While at a first glance it appears that the countries preparing to recognize the TRNC are mainly from the Islamic world and that recognition will begin with these countries, there is a wide impression that these countries are waiting for American pressure on them to subside in order to be able to take a decision for recognition. This indicates that the key to "recognition" is locked up in Washington. We can say that if the United States lifts its pressure on the said countries the biggest hurdle before "recognition" will be eliminated.

Meanwhile, according to some observers, today the United States is the only country in the world that has the political strength to recognize the TRNC on its own. It is well known that in the past the United States has displayed the flexibility to make 180-degree turns within 24 hours on very important foreign policy issues. Obviously, when considering its options over the recognition of the TRNC, the United States will have to consider the possible reaction of the Greek Cypriot lobby in Congress, the strategic balance in the eastern Mediterranean and the delicate balances of American diplomacy in international politics. In this regard, speculations are frequently heard to the effect that Washington would recognize the TRNC if it offered base facilities for the U.S. "rapid deployment force." However, our impressions from discussions with the TRNC leadership indicate that Denktas has no intention of making such a concession for the sake of "recognition" and that he is highly determined on this stance.

While the United States has kept its doors shut with regard to the recognition of the TRNC, its approval of an "unofficial" visit by Denktas to Washington in September can be seen as a "perturbation" in its stance.

This being the status of trends for the recognition of the TRNC, what does Ankara think? At this stage, Ankara does not place much emphasis on recognition. Turkish diplomatic circles do not plan to take any concrete steps on this issue until the intransigence of the Greek Cypriot administration is fully registered and until the international community is fully convinced that "the Greek Cypriots do not want a federation" and that "there is no course left other than recognition." Ankara believes that the TRNC has gained an advantageous position in the eyes of the international community following the rejection of the UN Secretary General's latest proposals by the Greek Cypriot administration. Within this framework, Ankara wants to avoid any hasty moves which may lead to the loss of all the points gained before it consolidates this advantageous position. Turkish diplomatic circles want to play the game by its rules.

However, this "cautious" stance by Ankara should not be viewed as an allergic posture toward the recognition of the TRNC. On the contrary, at this stage Ankara wants third countries to treat the TRNC at least on an equal footing with the Greek Cypriot administration and, for example, to soften the effects of the Greek Cypriot economic embargo. One can assert that such a strategy will open the way to de jure recognition and will form the basis for "recognition."

In the light of what we have reported so far, we can make the following observation in conclusion: The "process of recognition" has begun. Unless the Greek Cypriot administration changes its strategy radically and begins working for a federal solution by accepting the political equality of the Turkish Cypriot side, time will work in favor of the recognition of the TRNC, and the TRNC will eventually be recognized by third countries.

9588

CSO: 3554/163

## NATIONAL CHARACTERISTIC TRAITS EXAMINED

Athens I VRADYNI in Greek 24 Aug 86 p 14

[Article by Angeliki Damigou]

[Excerpts] Ultimately, we are either optimists or fatalists. And we let life roll on. Have we been influenced so much by our eastern friends or has "Pollyanism" conquered us?

Forests burn and we do not care. Pollution is choking us and we say nothing. The other cloud [Chernobyl radiation] came to us and, after the first anxieties, we began to dispel it. Industries are closing, thousands of workers are out on the streets and we face it by walking away. The number of people entering the universities is decreasing, the hopes of young people are going down and we laugh. We tested PASOK and some gave it another chance, helping, of course, a few...mistakes also.

The Greek family raises its child, teaching him to not be disheartened by life's adversities. Few know what Plato said, yet everyone says to himself every day, "God is great," or, tomorrow is another day and life is a "revolving wheel." In all this popular philosophy, through adages, sayings and maxims--all infallible because they are the dregs of the people's wisdom--the Greek psyche is fermented, and equipped with supplies of optimism. In all the expressions of his life, he breathes in, within his own soul, forces which will help him deal with a lost love, a professional failure, a family tragedy.

We are a people of good humor, of singing, of making puns. No human law can prohibit us, each social class, from having fun in its own way, but in common amusements, as, for example, in public festivals, there is no separation of classes. All become like one soul.

There are many moments when all Greeks become one. And this is the hidden secret of the Greek soul when the wind of optimism comes into it.

The Greek's optimism is expressed by the fact that he is not a fatalist. He seizes life "by the horns" and does whatever he can to change its ugly wrinkles. Many Greeks do not think of tomorrow with anguish. Today is the important thing for them and they want to enjoy it. Hospitable and generous as they are, they do not consider how much it will cost them to give pleasure not only to themselves, but also to others. The Greek is not, as they say, a "lone diner." He wishes everyone else to share in his spirit of merrymaking.

We are a people who adores hope and resorts to any means whatsoever to not lose it.

From wherever he can, the Greek collects within himself kernels of optimism so he can proceed in life and achieve great deeds.

### The Need To Laugh

In order to keep the flame of optimism within him, the Greek needs a little laughter. He believes in the expression of Aristotle, that "the day most wasted for us is that in which we did not laugh at all." For this reason, he contrives various ways to laugh. He even laughs at funerals.

He reads with passion the cartoons, he loves anecdotes and seeks the company of laughing people. Above all, after work, he wishes to relax by laughing.

For him, television is first of all entertainment and then information, even if the latter has disheartened him. Programs dealing with problems and hardships give him gastritis.

The Greek is crazy about comedy, about witty humor. With these he is renewed, he relaxes. Evidence the fact that, on the days when there was panic because of the radioactivity, more people, in order not to lose their optimism, rented six or more comic videotapes a day. These were the invigorating injections in their fallen morale.

There are many cases where overoptimism leads the Greek to excesses. There is a class of people who do not consider tomorrow at all. For them the saying, "No matter what we eat and drink, let tomorrow--if it comes--take care of itself," is true. So they squander huge fortunes on amusements, and, for the pleasure or prestige it offers them for a moment, they play at cards and "dice" what they earned with years of toil. They are optimistic that they will not lose, or, if they lose, they are optimistic they will win it back. Others overspend on great works and are in debt up to their ears without having any capacity save the optimistic thought that all will go well and "be successful."

We are an optimistic people--sometimes with a pretty big dose of excess. Wherever there is fun, a festival, a pun, we are among the first. Sometimes, however, the "modern Greek ethos" seizes us and we cry out with rage. And the Greek's rage does not have in it any trace of optimism about that which caused it in him. We can soar to the clouds, but we also know to throw out whatever is stubbornly sitting on our back and depriving us of the joy of life which we Greeks cannot live without.

9247

CSO: 3521/248

## BRIEFS

WINE FOR CSSR--Czechoslovakia is to buy 500,000 Cyprus pounds worth of Cyprus wine. An agreement to this effect was signed in Limassol last night by Prague's Koospol and the Cypriot firm Kimon Ltd., in the presence of Commerce and Industry Minister Mikhail Mikhailidhis and CSSR Ambassador Ladislav Skerik. The order is for 600 tons of muscat wine, 1,000 tons of white wine, and 2,000 tons of red wine. [Excerpts] [Nicosia TA NEA in Greek 10 Sep 86 p 3 NC] /12913

CSO: 3521/1



## PRIME MINISTER WARNS OF AUSTERITY MEASURES AS TRADE BALANCE SOARS

## Goal to Cut Consumption

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 86 p 1

[Article by Ole Dall and Hugo Garden: "Danish Overconsumption Must be Curbed"]

[Text] "Precarious growth in private consumption," the Prime Minister said after the catastrophic trade figures. Energy expenses are increasing, and the government is announcing a proposal to further saving.

"Freedom from care has taken hold of the Danes. Consumption is much too high." These are the words of the Minister of Economics, Anders Andersens (Liberal Party), and the government is determined by October to stop a "precarious growth in private consumption," as Prime Minister Poul Schluter (Conservative Party) expresses it after the trade figures for July showed a deficit of 2.3 billion kroner.

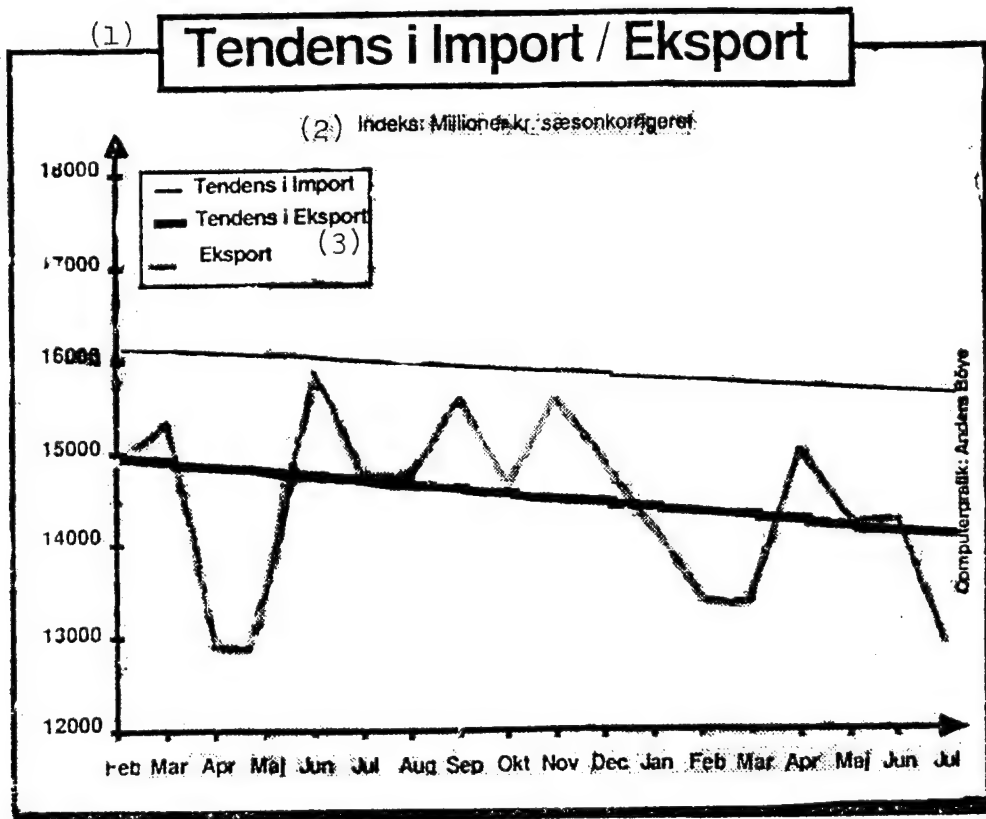
Proposals for increased private saving, higher energy taxes, measures against consumer loans, and increased exports are expected to be the result of negotiations between the government and the Radicals.

"The government will make proposals to further private saving, including a slowing down of the significant debt," Schluter said. At the same time he stressed the need for increased export.

The government and the Radicals agreed last spring that energy prices for consumers would be held at the March 1985 level, and because of falling energy prices and the decline in the dollar there is the prospect of a marked increase in oil and gasoline prices by October.

Economics Minister Andersen says that he still thinks that the fall in energy prices will completely cover the higher taxes. At present prices this will mean a good 700 kroner more for 1,000 liters of heating oil.

Niels Helveg Petersen (Radical Party) would like to increase the saving by limiting the possibilities of taking out consumer loans. The Radical Party leader thinks that more measures should be taken to increase exports -- among



The graph shows the tendency in import and export in the past year and a half.

Key:

1. Tendency in import/export
2. Index: millions of kroner, seasonally corrected
3. Tendency in import, tendency in export, export

other things, the establishment of new export sales schools.

The deficit in the trade balance of 2.3 billion kroner came as a shock. It was a billion kroner more than was expected. After relatively good trade figures in June there were expectations of a turning point in the development, but it did not come. The disturbing thing is that exports have fallen dramatically, by five billion kroner in relation to June and three billion kroner in relation to July of last year. Neither vacations nor the fall in the dollar explain the fall.

Agricultural and industrial exports have only risen by a half billion kroner in the first seven months of the year. Imports to the economy and to private consumption on the other hand have risen by a good seven billion kroner.

#### Dramatic Trade-Deficit Increase

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 86 Sect III p 5

[Article by Hugo Garden]

[Text] The trade deficit in July of 2.3 billion kroner made a farce of all predictions. The exports show a falling tendency, while there are also signs of stagnation or a fall in imports, in consumer goods as well. The banks reject measures against loans, and the wholesale dealers suggest structural changes in the economy.

A trade deficit of 2.3 billion kroner in July came a little like a bomb. Not one single economist had expected such a deficit. It was a billion kroner larger than the pessimists had calculated (seasonally corrected deficit: 2.4 billion kroner).

The exports went completely wrong, and this upset all predictions. Exports amounted to 10.9 billion kroner in real figures. This is a very low figure, even when one considers that it is higher when seasonally corrected (12.9 billion kroner).

Exports fell by four billion kroner in relation to June and by two billion kroner in relation to July of last year. This is the first time that there has been such a clear tendency toward a fall in exports.

#### Import Stagnation

Imports amounted to 13.2 billion kroner (seasonally corrected: 15.3 billion kroner). The real figures show a fall in relation to June and July of last year. But also seasonally, seen over a longer period, there is a stagnation or decline in imports. This even applies to private consumption, which has fallen slightly in recent months.

Business imports rose by 5.3 percent, or 3.3 billion kroner, and this is a reasonable figure. But it is just not balanced by greater exports. Industrial and agricultural exports rose together by less than a half billion kroner.

Energy imports fell by 45 percent, or by eight billion kroner. The "savings" have almost completely been eaten up by an extra import to businesses of three billion kroner and by increased private imports of a good four billion kroner.

The trade figures for June gave cause for optimism because they showed a marked improvement in the balance of trade -- until an error in calculation of a half billion kroner changed the picture. Section Chief Robert Fuglsang of Denmark's Statistics does not think that the calculation error of June (on the part of the Customs Service) will be repeated. "We have tightened control on statistics," he said.

#### Turning Point Did Not Come

In spite of the error, many believed a turning point would come in June and afterwards, but such predictions have been shown to be highly incorrect. To put it plainly, exports are miserable, and it is progress in exports that is to solve the problems of the economy.

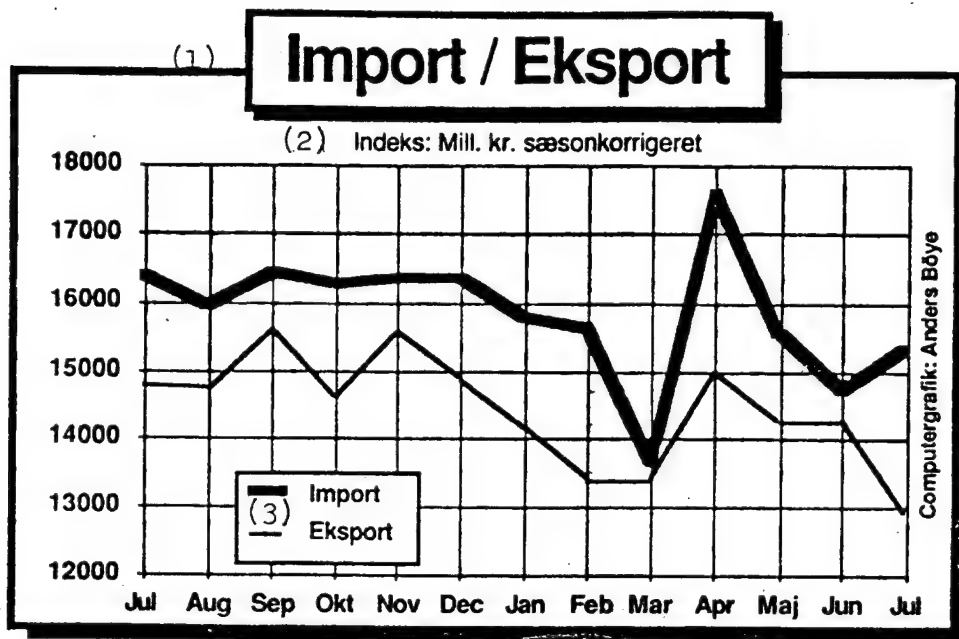
In the first six months of the year, industrial exports rose less than expected, by 3.7 percent, and agricultural exports fell by 9.1 percent. Energy exports from the North Sea also fell. There are several causes of the bad balance of trade.

The low dollar produces lower prices for large sections of the exports. Export of ships has almost disappeared. In July it was only ten million kroner against a norm of several hundred million kroner. This year exports from the shipyards were halved from that of last year (from three to 1.5 billion kroner). To this comes a strong reduction in shipbuilders' earnings (1.2 billion kroner in the first six months against 2.3 billion kroner in the first six months of 1985), but this figure is not entered in the trade balance.

#### Drop in Stock Prices

Copenhagen's Stock Exchange reacted promptly to the bad trade figures with a price drop of up to two points. Later in the day there was an upward correction, and considering the large deficit, the reaction was almost controlled, mainly because of an expectation of a political intervention this fall.

These expectations were to a certain extent confirmed by comments from the Prime Minister and the minister of economics, together with consideration by the Radicals of measures on consumer loans.



The most recent trade figures show that imports and exports are now developing in opposite directions. Imports have risen and exports fallen.

Key:

1. Import/export
2. Index: millions of kroner seasonally corrected
3. Import, export

#### Banks Against Intervention

The head of the Bank Union, Director Tage Andersen, does not think it is possible to limit the granting of credit by, for example, limiting loans by financial institutions. There are many other credit possibilities. "If an intervention is to have an effect, it must cover the whole sector, including department store credit," Andersen said.

Nor does he think that the large consumption is based solely on loans. "There is a lot of talk about the large loans of financial institutions. But for the banks, domestic loans to individuals have risen by only 14-15 percent in a year, and studies indicate that there is no tendency toward a rise in loan-financed consumption," he said.

#### The Business Structure

The large discrepancy between imports and exports is also connected to a large amount of domestic activity. The great increase in employment of 96,000 in the past year has taken place mainly in domestic business.

In general, simply too little is being done on the export side. The Society of Wholesalers has commented on the trade figures: "Measures against consumption will not in themselves produce good trade figures. Exports depend solely upon whether Danish goods are cheaper than the competition. Therefore the wage level should be frozen until the balance of trade problem is solved, and an extra effort must be made to change the business structure," Director H. Sejer-Petersen said.

#### Dollar's Drop Hurting Exports

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 86 Sect III p 5

[Article by Peter Gustafson: "Dollar and Oil are Causes of Export Figures"]

[Text] Exports have generally fallen in the U.S. and in the Middle East, while agriculture has a falling market in Japan. Both imports and exports have fallen because of the decline in the dollar.

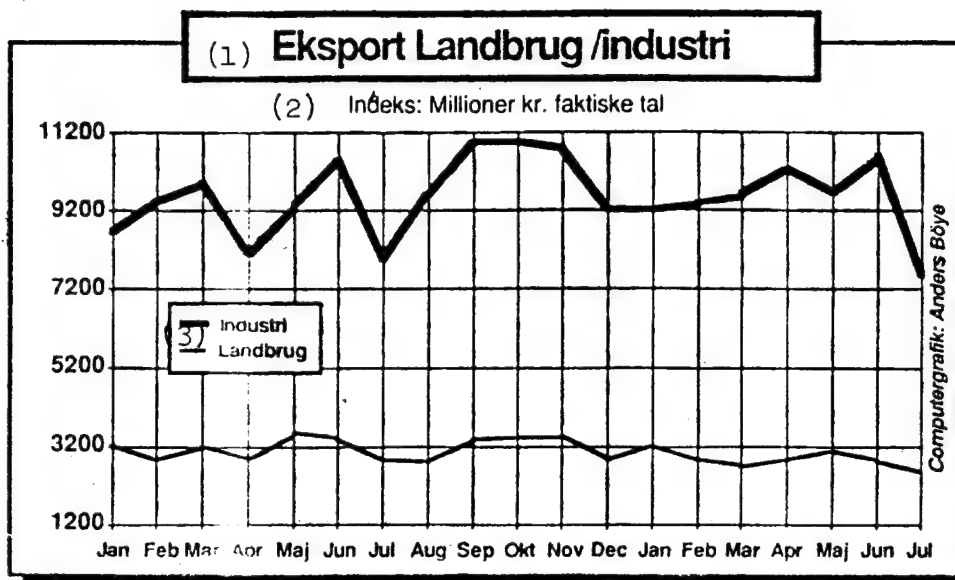
Developments in Denmark's foreign trade have not gone as expected. The exports are less than expected, and this is a problem because the government, the opposition, and the economists agree that the country's balance of trade problem must be solved by increased exports.

"There are many reasons why export sales of industrial products have not gone as expected," the chief economist in the Industrial Council, Verner Puggard, said. He continued: "In the past year foreign markets have had a general decline in demand. In the U.S. there has been a steady fall in economic growth, which is now approaching zero, and this has meant that the American economy is no longer functioning as a locomotive for the rest of the world. At the same time, the dollar's fall has meant that it is constantly more difficult to export to the U.S. Danish exports are suffering from this."

According to figures from Denmark's Statistics, exports to the U.S. in the first six months of the year have fallen by 16 percent in relation to the same period last year. But imports from the U.S. have also fallen in this period. There has been a drop of 13 percent.

In connection with the large debate on trade figures and developments in exports, Verner Puggard points out that the dollar's drop and the accompanying drop in currencies that follow the dollar must necessarily mean that both exports and imports -- measured in kroner -- will have a tendency to fall.

Puggard also points to the Middle East as one of the areas in which Danish industrial exports have come into difficulties. "The drop in the oil price has meant that the demand for imports in the oil-exporting countries has been severely limited since the beginning of the year. Nor has demand increased because oil sales are made in dollars. In Western Europe, which all together is the most important market for Danish exports, there has also in the past year been a slow economic growth and therefore a weak demand for Danish goods," he said.



Both agriculture and industry show the general recession in the export markets and the fall in the dollar to be causes of falling exports.

Key:

1. Export agriculture/industry
2. Index: millions of kroner, real figures
3. Industry, agriculture

#### Agriculture and Industry

Puggard stresses that Denmark's suffers generally because throughout the export countries there is a delay in the purchase of new goods until the warehouses are empty. This is because the drop in oil prices and in the prices of raw materials has generally made it economically advantageous to wait as long as possible in the purchase of new goods.

Agricultural exports, which for many years have developed solely in a positive direction, reached a turning point at the beginning of the year, and since then export sales of agricultural products have declined.

In the Agricultural Council one points to the fall in oil prices and to the fall of the dollar as the most important causes of this decline.

"Exports have mainly fallen in the U.S., Japan, and the Middle East. Sales to the U.S. have fallen because of the dollar's drop, but also because of the policy the U.S. is following in the import of agricultural products from the EEC," Section Chief of the Agricultural Council, Knud Overgard, said. He continued: "In Japan the decline is also caused by the fall of the dollar. The

drop gives the Americans better competitive possibilities, but Taiwan has also taken sections of the market away from us in Japan. Agricultural exports to the Middle East are suffering in the same way as industrial exports from the drop in oil prices. The falling oil income has created a very weak demand for imported agricultural products."

#### Opposition Leaders Comment

Copenhagen BERLINGSKE TIDENDE 26 Aug 86 Sect III p 6

[Article by Ole Dall: "The Government has long Planned to Take Measures"]

[Text] "The most recent figures make several additional measures necessary in economic policy," the Prime Minister said in reaction to the trade figures for July. Anker Jorgensen (Social Democratic Party) thinks that the government should take measures to curb consumption by the well-to-do.

The negative trade figures for July brought disappointment but not dismay in government circles. The four-party coalition has long considered proposals to increase saving and slow down consumption -- knowing full well that consumption is too high in Denmark.

It was presumably the negative reaction on the stock exchange that made Prime Minister Poul Schluter (Conservative Party) express himself stronger than before on the government's plans. "A precarious growth in private consumption," the Prime Minister said of the new figures. He added: "Measures are therefore necessary to counteract this development. The government will, among other things, when the Folketing meets in October, make proposals that promote private saving. Among them will be a proposal to slow down the significant debt. The most recent figures make several additional measures necessary in economic policy, so that imports are checked and exports increased. Such steps are necessary to stabilize the balance of payments quickly enough."

Again it will be the Radicals who will assure a majority for economic measures. Niels Helveg Petersen (Radical Liberal Party) told BERLINGSKE TIDENDE that the party -- as it did last year -- is encouraging the government to make proposals "that restrict loans for private consumption."

Besides this, the Radicals want increased efforts in research, development, and education to further exports. The party will probably agree with the promotion of saving, but not by special, tax-sheltered means.

At the same time the Radicals expect, according to Petersen, that "the government will find its way" in the question of energy taxes. The government and the Radicals have agreed that energy prices will be held at the level of March 1985 (renewed agreement). Each six months there is an adjustment, and with the present energy prices, large increases in taxes on oil, gasoline, and other items are scheduled in October.



Even if the purpose is to maintain -- and not to increase -- the energy prices, The Christian People's Party thinks that higher taxes should be accompanied by social compensations, and the Democratic Center proposed again yesterday an increase in the value added tax instead of higher energy taxes.

Anker Jorgensen (Social Democratic Party) predicts that this year's deficit in the balance of payments will be at least as large as last year.

#### Social Democratic Party Wants Government to Take Measures

Jorgensen said: "It is absolutely necessary for the government to take measures against consumption by the most well-to-do section of the country. Something must be done about the easy loan possibilities. The figures confirm what the Social Democrats have said time after time, that work must be directed much more toward the strengthening of product development and exports. Here the country must make a much more significant effort than the government has been willing to do up to now."

#### Possibility of Election Discussed

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 86 p 10

[Editorial]

[Text] The Liberal Party's Svend Heiselberg, who uses the fishing skipper's plain language, said it correctly yesterday when the new trade figures were presented. He said that now it was do or die for the government and that it might now have elections if this proved necessary. The Prime Minister confirmed later in the day that the government will take action. Poul Schluter did not wait for the day's minister meeting, but issued a statement that the development in the trade balance confirms that there is what he calls a precarious growth in private consumption. When the Folketing meets in October the government will therefore make proposals to check imports and increase exports. In other words: measures against consumption.

The public will understand why the government is making an adjustment in its economic policy. Some people will think it is too late and that the government has overplayed its optimism. The government has been able to note a rise in industrial exports, and it has been able to rejoice in the sharp drop in oil prices. But the progress in exports has not been great enough, and the lower dollar has weakened agriculture's income possibilities. But one should not criticize a government for hesitating to impose new burdens on the people, and this government has shown for four years that it does not panic. On the other hand it has showed its will to act -- and dramatically as well -- when it has been necessary.

The reason for Heiselberg's talk of the possibilities of an election must be worry about whether the small government parties can be convinced of the necessity of the measures. The Democratic Center and the Christian People's parties should not hesitate to put aside these worries. The two parties knew

what they were entering into when they decided to participate in the four-party cooperation, and they cannot have imagined that situations would not have arisen along the way that required sacrifices from them. It stands to reason that there must be a compromise when four parties -- together with the Radical Liberal Party -- must assure a majority for what must be passed. There can be bitter pills to swallow all around. The most important thing is that the measures the majority can agree upon contain solutions that will have an effect. Half solutions are bad solutions, and bad solutions do not serve the country.

The people must have reason to expect that the government and the majority will again find the correct solution. And there is no reason to believe that the government is meeting this situation unprepared.

#### Schluter Urges Calm

Copenhagen BERLINGSKE TIDENDE in Danish 27 Aug 86 p 3

[Article by Ole Dall]

[Text] "Now we will work calmly and quietly with the problems and select the best conceivable solutions," the Prime Minister said. The Social Democratic Party wants five ministers in a "rapid council" in the light of the bad trade figures.

"Extremely bad." This was Prime Minister Poul Schluter's (Conservative) comment as he spoke about the trade figures for July after Tuesday's ministers meeting.

The government will "adjust and supplement" the economic policy, but beyond higher energy taxes, nothing is definite. Consumption must be checked and export increased. This is the goal, and the means are not available before the "start of the season" in the Folketing in October. The Social Democratic Party wants the Prime Minister and the ministers of economics, finance, agriculture, and industry to meet in what the party calls "rapid council" in the Folketing's economic policy committee to discuss what to do about the July trade figures.

In the area of consumption, Lykketoft (Social Democrat) suggests provisional stamp duties on certain types of loans, but the former treasury minister particularly stressed the need to strengthen exports: "We are too weak in the area of research. It is not enough to follow an income policy. The main thrust must be in industrial and technological policy. We must give companies money to be invested in research, product development, and such," Lykketoft said to BERLINGSKE TIDENDE.

## Paper Views Underlying Problems

Copenhagen BERLINGSKE TIDENDE in Danish 27 Aug 86 p 12

[Editorial: "The Danish Problem"]

[Text] What in the world happened to the growth in industrial exports is the question asked by a disappointed government, which, at the same time finds it unacceptable that the people save too little and consume too much. For their part, the Social Democrats are quick to claim that the government's recovery program has failed. In their opinion, the government has placed such great expectations from income policy that it has been too passive in its efforts in research and business technology.

Actually, the situation is more simple than what both the government and the Social Democrats say. There is no mystery in what is happening to exports. Almost all countries have had the same disappointments in exports as Danish industry and agriculture have had. The fall of the dollar and of oil prices has caused strong competition and weakened the ability or the desire to buy. In the light of this, Danish exports have actually done quite well.

But Denmark remains with an unsolved and acute problem in its debt structure. Did anyone really believe that exports could solve this problem with a wave of a wand? For example by an intensive policy of research and technology? No matter how important it is for such a policy to be begun, one must certainly understand that positive results take time.

In spite of the significant level of investments industry has achieved, there is still a long way to go. This is connected to the country's small industrial base. Measured in respect to other sectors, it is only half as large as in West Germany and 30 percent lower than in Western Europe as a whole. Industry therefore has a large structural problem, just as its counterpart, the public sector, has, which is relatively twice as large as the West German one. This Danish imbalance has been built up over a quarter of a century with the Social Democratic Party bearing most of the guilt. The structural change, which almost everyone now sees the necessity for, cannot take place all in one year.

But recent years have shown that the task is not at all impossible. The results of the government's recovery policy up to now have shown this. Investments and employment rose with amazing speed. The point is that this business climate must be maintained for a long series of years in order for our industrial base to grow large enough. The government is definitely right that this development at the same time requires increased saving. But each time Ivar Norgaard and his following of "attendant economists" speak ominously about devaluation, there is a rush -- in fear of rising prices -- of thousands of cars over the Danish border to the detriment of saving.

The most important support for exports right now continues to lie in income policy. The fall in the dollar has just made this policy much more necessary. Optimistic expectations for generous renewal agreements have no place in economic realities.

## POSSIBLE DEVALUATION OF KRONE DISCUSSED

Copenhagen BERLINGSKE TIDENDE in Danish 21 Aug 86 p 13

[Commentary: "The Government's Will and Economic Realities"]

[Text] "The krone will stand steady during this government's lifetime. One is completely wrong about economic realities and the government's political will if one speculates on a devaluation of the krone."

Thus spoke Prime Minister Poul Schluter last Tuesday after the krone had again come under pressure.

But why this renewed uneasiness now about the value of the krone?

Because the government last week presented its primary goal in its economic recovery policy: to achieve equilibrium in the balance of trade in 1988.

Now the aim is simply to get rid of the deficit as soon as possible, and this is the way all Danish governments have spoken for the past 25 years.

The decision of the four-party government to set the 1988 goal has immediately been noticed abroad. The distinguished English newspaper, FINANCIAL TIMES, ran an editorial Monday about "the Danish experiment," in which it asked the question of whether it is at all possible for Denmark to remove its chronic deficit without devaluing the krone.

The fact that the four-party government has set the 1988 goal is simply in recognition that equilibrium can hardly be reached in 1988 with the maintenance of the present value of the krone.

Therefore an abandonment of the 1988 goal should, from a national economic point of view, strengthen confidence in a steady krone policy. But this is not what businessmen are thinking. They are afraid that when the government can abandon its overriding goal on the balance of payments, it can also at some point abandon its goal of holding the krone steady.

## Harsh Realities

Prime Minister Schluter stresses the government's political will to avoid devaluations and to maintain the krone's value. Hardly anyone doubts this will. The problem is simply that political will is not enough.

The government's political will has of course also been that tax pressure should not increase, but it has risen just the same.

It has also been the government's will that wages should not rise more than two percent a year within the present period of agreement. But wages have risen much more in spite of this.

In both of the above cases, economic realities have won over political will.

This can also be the case in the question of the value of the krone.

The Prime Minister also referred on Tuesday to the economic realities, as quoted in the beginning of this article.

But what are the economic realities of the value of the krone?

The hard facts are that a series of factors together point in the direction of a serious decline in Danish competitive ability abroad in the coming year.

## Passive Revaluation

The diagram shows how the Danish wage costs are expected to grow from 1986 to 1987 calculated in constant international exchange.

Just before entry into new agreements in early spring, a jump can be predicted in business wage costs of up to five percent. This comes from the reduction of the weekly working time from 40 to 39 hours with full wage compensation, the elimination of the waiting day for unemployment compensation, together with the expected elimination of the government's contribution for the reduction of employers' taxes to the workers' supplementary pension, among other things, by 2.5 billion kroner a year.

To this must be added the approximate five percent that the krone's international value has risen last year.

The value of the krone has simply not remained steady when it is measured in relation to a considered cross-section of all the other countries' currencies. Particularly as a result of the falling dollar and pound rates, together with the lower price of Norwegian and Swedish kroner, the Danish krone's international value has been passively revalued (raised) by about five percent last year. With a continuation of the present steady krone policy, the krone's international value next year must be expected to lie at least five percent over the average 1986 level.

The Economic Realities of Ability  
to Compete 1986-1987

Growth in Hourly  
Wage Costs

Reduction of Work Time  
with Full Compensation

2.6 percent

Removal of the Waiting Day for  
Unemployment Compensation

.8 percent

Removal of Government Subsidy  
for reduction of Employers' taxes

1.5 percent

Rise in Value of the Krone

5.0 percent

Rise in Wage Costs at the Outset

9.9 percent

Conservative Guess at Wage Hike  
Agreements in 1987

2-3 percent

Minimal Rise in Wage Costs According  
to the Wisemen

2.5 percent

Total Rise in Wage Costs 1986-1987  
Measured in Foreign Currency

approx. 15.0 percent

Expected Growth in Wage Costs Among Our  
Foreign Competitors

5.0 percent

Deterioration of Wage Competitiveness  
from 1986 to 1987

approx. 10.0 percent

Seen through the eyes of our foreign competitors, Danish wage costs have grown on the average by five percent solely as a consequence of other currency rates.

All in all, before the agreement negotiations are even begun, Danish business stands with a competitive jump in wage costs of up to ten percent.

#### Ability to Compete

If one imagines very conservatively that the job market's new agreements cost two to three percent in extra expense rises, the total wage costs measured in constant currency will lie about 15 percent over the 1986 level.

According to the economic "wisemen," there must be at least a minimum yearly wage increase of 2.5 percent.

It must be stressed that the calculations presented here are still very optimistic and conservative. With the demand for further reduction of work time, the introduction of a pension reform with the accompanying pension contribution from the employers, together with the demand for higher wage rates, the above two to three percent is much too little.

When one further takes into consideration that business has earned a large surplus, that there is a lack of workers, that many years of income policy have produced "wage tightening," and that there has been on the part of the Social Democratic and Socialist People's parties the desire to overthrow the government no matter what the cost, then agreements that only increase wage costs by two to three percent are certainly too little.

But even with such modest agreements, the Danish wage costs will in steady currency, lie 15 percent over the 1986 level, while our competitors' costs on the average will only be expected to grow by five percent.

This means in itself a strong deterioration of competitive ability, and this will also make the task of creating an equilibrium in the balance of payments more difficult.

#### Productivity Up?

It is certainly considerations such as have been described here that have forced the government to choose between the two goals: equilibrium in the balance of payments in 1988 or a policy of holding the krone steady.

By giving up the 1988 goal, one can theoretically live with a reduction of the ability to compete next year. The question is only whether confidence in the value of the krone can be maintained in the long run when our costs rise more strongly than costs abroad, and when one has chosen to live with a currency deficit even after 1988.

The government can naturally hope that a strong growth in the Danish industry's productivity will counteract the loss in competitive ability brought on by

the developments in wages and currency. Ability to compete is of course not just a question of relative wage costs, but also of what is produced per wage hour. And if production per hour rises stronger here than abroad, this will work in the right direction.

In consideration of the very large Danish investments, this is quite probable. But it is not probable that this productivity gain can outweigh the wage and currency deterioration described above.

Therefore the government's answer to the problem is presumably a "dynamic business policy," which is only a fancy name for larger government subsidies to business. In this case it will quite dangerously resemble the Social Democratic medicine. And this, as is known, did not work well.

It is difficult to look at realistic solutions to the problem of competitive ability. Therefore the government may gradually have increasing problems in maintaining confidence in the steady krone policy.

9124

CSO: 3613/191



## PENDING ISSUES IN TRADE WITH USSR

Athens I VRADYNI in Greek 25 Aug 86 p 15

[Text] The causes of the critical deterioration of our country's trade relations with the USSR will be examined by the Greek delegation which departed this morning for Moscow to take part in the meeting of the Joint Inter-Governmental Committee. The head of the 25-member delegation is Deputy Minister of National Economy G. Papandoniou. This committee meets every year, alternately in Moscow and Athens, the basis being the framework-agreement on economic and industrial cooperation signed in December, 1980.

The main feature in the trade relations of the two countries is the trade balance, which presents a deficit for Greece. It is enough to report that the ratio for exports is 4.5 to 1 in favor of the Soviets.

The basic cause of this deficit is the large quantities of Soviet oil we import. The Greek side has repeatedly attempted to persuade the Soviets to spend part of the money they are paid to purchase Greek products. The Soviets, however, decline and demand payment in hard currency.

A big problem has also been created with aluminum; according to an article in yesterday's TO VIMA, the bargaining for it has definitely fallen through. The amount not disposed of comes to 200,000 tons, which the Soviets have no reason to buy, however, at least not the total quantity. So the only thing left is for them to consider this interest when and if other agreements occur. Here is where the difficulties begin, however. The Soviets, to start, are interested in:

1. Making natural gas available to Greece through installations which the government must build and on which the Soviets are offering to collaborate.
2. Taking charge of installing the stainless steel factory.
3. Covering the capital's needs for trolleys.
4. Increasing the quantities of oil procured from the Soviet Union by the Greek side.

Facing these demands, the Greek side appears rather perplexed because it has no reason to increase the amounts of oil supplied by the USSR, the Greek budget cannot support at present creation of a natural gas plant, and the government has no

reason to create one more problematic industry, such as the proposed stainless steel factory, merging into this unit the problematic LARKO, as the deputy minister of industry stated recently.

#### The Hotels

One other issue to be discussed in Moscow is the proposals which have been submitted by the Greek Construction Company for Technical Projects [EKETE] to build hotels in the USSR. The issue had been discussed during the prime minister's visit to the Soviet capital, but it was not followed up. It is characteristic that Greek proposals for construction of a 1,000-bed hotel in Moscow are pending. The Soviets are now answering that, although hotel beds are needed, there are no credits and there are not expected to be any in 1986.

9247

CSO: 3521/248

## NORWEGIAN-FRENCH MILITARY COOPERATION PACT'S RESULTS VIEWED

## Modest Results So Far

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 10

[Article by Elizabeth Holte: "Norway Could Learn from France"]

[Text] Apart from a few modest industrial cooperation contracts, there has not been much action in military cooperation between Norway and France, in spite of the agreement on principles that was signed in 1981. Norway has limited means that are subject to strict priorities and has undeniably stood close to the U.S. and Great Britain through the years. France's equipment offers and way of thinking have not made rapprochement easier.

"It is too bad that the cooperation has not proceeded more rapidly. We could learn much by increasing it, not necessarily to copy the French, but in order to better understand their methods and way of thinking," Defense attache Svein E. Lysgaard said. One must not forget that France is a large power, which, together with West Germany, itself forms the motor in the development in Europe, in the area of military and security policy as in many other areas. And presumably its influence will only increase. It is too bad that we have not exploited the good will Norway has had in France ever since Narvik, he added.

## Little Trade

As far as trade is concerned, the connection is extremely thin. Norwegian purchases of military equipment in France amounted last year to only about 40 to 50 million kroner, and French purchases in Norway are at about the same low level.

To be sure, France says that because of the large oil and gas purchases from the North Sea it has a large deficit in its trade balance with Norway, and it presses for more equipment sales to the Norwegian military. But in spite of the fact that several large projects have been discussed, they have come to nothing. Among other things, one discussed last year the Norwegian purchase of the French Mistral antiaircraft system, but it was abandoned in favor of a contract with Sweden. One has also discussed the purchase of French cannon, but these purchases have now been put off until the 1990's. Norwegian

participation in a French or French-inspired combat aircraft project is not current today because Norway in practice Norway will not buy any new combat aircraft before after the year 2000.

Raufoss

What remains is the cooperation Raufoss and Kongsberg have with French industry respectively in ammunition, missile casings and motors, sonar cooperation between Simrad-Subsea and Thomson-CSF, together with a few other lesser equipment deliveries.

In training, there is no doubt either that it is particularly the U.S. and Great Britain that the Norwegian military is used to cooperating with. But a few approaches to Norwegian-French exchanges have been made. In addition to a defense attache at the Norwegian embassy in Paris and a corresponding one in the French embassy in Oslo, one Norwegian officer at a time goes to the Ecole Militaire in Paris, and last year a French officer took part in the winter course in Norway.

#### Cooperation in Sonar Project

Oslo AFTENPOSTEN in Norwegian 29 Aug 86 p 36

[Text] The Horten company, Simrad-Subsea, has received a new order from the French company, Thomson-Sintra, in the order of 22 million kroner, of which 18 million is a fixed order. The order is a result of the cooperation between Simrad-Subsea and Thomson-Sintra for delivery of the new sonars to Norwegian frigates and corvettes, the company reports.

Simrad-Subsea now has a total reserve order of 115 million kroner. This is the largest in the stock company's history.

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CSO: 3639/151

## PROTECTIVE DEFENSE PLAN SAID BETRAYAL TO MILITARY

## Armed Forces Chief Comments

Copenhagen BERLINGSKE TIDENDE in Danish 10 Aug 86 p 1

[Article by Per Lyngby: "Verbal Conflict on Protective Defense"]

[Text] Defense Chief Admiral S.E. Thiede criticizes the idea of a protective defense force. The spokesman for defense policy in the Social Democratic Party, Knud Damgaard, thinks that the defense chief is misusing the concept. Defense Minister Hans Engell "thinks that Knud Damgaard should not get so excited."

The defense chief, Admiral S.E. Thiede, has the right and the duty to give a military opinion on all defense proposals, including the Social Democratic proposal on protective defense forces. The policy decision, however, is made by the politicians.

This is what Defense Minister Hans Engell (Conservative Party) said to BERLINGSKE TIDENDE. The background is that S.E. Thiede expressed himself on protective defense and the Social Democratic Party's opinion on the subject. "A protective defense in the form it has been proposed by peace researchers and circles in West Germany will, in my opinion, never be able to gain wide support in Denmark," Thiede said. "Not among the Social Democrats, either."

Thiede spoke sarcastically about a "community tank defense," but he stressed that his criticism was not directed against the Social Democratic Party's definition of protective defense. But the Social Democratic spokesman for defense policy, Knud Damgaard, would not accept this. "The defense chief misuses the word protective when he says that the Social Democratic Party will not go along with a protective defense," Damgaard said. "Because the Social Democratic Party's proposal is precisely for the buildup of a protective defense in the sense that Danish forces must operate first and foremost in their own area. Therefore I cannot regard it as a chance comment. I believe it was deliberate. I believe it was planned. And the Social Democratic Party naturally cannot accept this."

Defense Minister Hans Engell "thinks Knud Damgaard should not get so excited until he understands more clearly what the defense minister said."

## Minister Criticizes SDP Proposals

Copenhagen BERLINGSKE TIDENDE 10 Aug 86 p 8

[Op Ed Article by Hans Engell, Defense Minister: "The Social Democratic Party is Betraying the Military"]

[Text] Can the cross-party majority behind the Danish military hold steady after 1987 when the present conciliation agreement runs out, and can the Danish defense force in the coming years fulfill its duties within NATO's united defense? These are two of the main questions that have arisen after the Social Democratic Party recently -- with many approaches -- chose to make public what is called the party's proposal for a modernization of the military in the coming decade. The birth of the 17 page debate proposal has beyond doubt been difficult. In the newspapers one has been able to follow the course of the struggle in the Social Democratic Folketing group, and the finished product bears the stamp of many compromises and the compilation of various contributors. The proposal is therefore marked by a lack of system and by many ambiguities. But it is also burdened by a series of military policy positions that beyond doubt will make the coming defense negotiations difficult and that -- if it is carried out -- will make Denmark's already criticized position in NATO even more difficult. Our allies will, with this proposal, no doubt ask whether Denmark wants to try to be a useful member of the organization.

The debate the Social Democratic Party is now leading up to is in many ways new. During the 25 years of defense policy discussions there has naturally been conflict and lack of unity between the nonsocialist parties' and the Social Democratic Party's view on many defense questions. But it has primarily been a debate concerning economics -- how much money is to be used for defense -- and much less about the duties and structure of the military or our role in NATO strategy. It will not be this way any longer, because with its proposal the Social Democratic Party is questioning a series of existing elements in the cooperation, and with this we must also have a defense debate that will go much deeper than before.

Danish defense policy must naturally be seen in connection with our responsibilities in foreign and security policy and with our participation in NATO cooperation. It is characteristic that the Social Democratic proposal only contains a very few elements of overall security policy assumptions. For example, the questions of nuclear policy, NATO strategy, and the threat from the Warsaw Pact are hardly touched. The Social Democratic Party has possibly chosen to leave these questions for discussion in the Security Policy Committee, but it must be quite clear that agreement on defense policy also presupposes agreement on the broad, overall framework. The Danish military cannot be viewed in isolation, but must be seen in the framework of the alliance in which it must fulfill its duties. All the more so because the Danish military will be dependent upon external reinforcements in the future as well. At present one must assume that the Social Democratic Party's emphasis on the Washington declaration of 1984 indicates agreement with the evaluation of the intentions and policy of the Soviet Union, namely that the Soviet's

massive military buildup is a constant threat to the security of the alliance and to vital Western interests, and that the Soviet Union has attempted to exploit every apparent weakness it has found in the alliance. These are not exactly the statements, by the way, that we have heard from the Social Democrats in recent years.

The question of advanced defense and the chatter about "protective" or non-threatening defense is the element that goes most markedly against the existing system. One misses in the proposal any serious argument for giving up the advanced defense, and there is no explanation of the serious consequences this will have for the defense of Denmark and therefore for the position of the Danish people and their possibilities of survival. With the Social Democratic Party's -- or are they Knud Damgaard's -- thoughts about a more protective defense, the weight of possible combat will of necessity be moved back into our own territory in contrast to the present advanced defense. The Social Democratic Party gives no answer to why one prefers combat on Danish territory among the civilian population instead of moving it as far away as possible. From any point of view the advantages in defeating an enemy in the Baltic Sea are much greater than waiting until he has landed.

In the same way a series of ambiguities and incorrect conclusions can be found in the proposal. One says, for example: "Such a nonthreatening defense structure will -- in cooperation with our allies -- from and in our own territory be able to cause an aggressor the risk of such losses that the attack will be given up." The statement reveals a complete lack of insight into warfare and how it is carried out and how one can speak of areas of sovereignty after we have been attacked and the war has started. Nor does one explain whether allied reinforcements in Denmark should be included in the "Social Democratic limitations," and how one should act toward an aggressor beyond the Danish borders.

Or whether the Air Force is to be ordered to operate in a nonthreatening direction, even in shooting down attacking missiles. Of the existing missile systems that can partially fulfill this task there is today only the American Patriot -- which, by the way, is extremely costly. Or whether the system must first be developed. In the presentation of the proposal, by the way, one disassociated oneself from a European initiative in this area -- because, as it was said, this could open the way for SDI. In other words, the Social Democratic Party means that the still not developed missile system must be able to differentiate between air-launched missiles (which must be shot down) and land-launched missiles (which must not be shot down).

One of the most discussed points in the Social Democratic proposal has been the suggestion to reduce the Jutland Division in the advanced defense. In the proposal one has softened the viewpoint so much that the matter must now only be considered and discussed with our allies. But there is reason to conclude that Danish decisions on this point will undoubtedly be interpreted as a break in the conditions that form the basis of the establishment of a unified command that always has a Danish commander. A decision to reduce the Danish input can very well mean a reduced Danish influence in the common NATO command,

and also that the military effectiveness will be reduced. The Jutland Division with its three brigades together with the German forces has today the very good possibility of preventing an enemy's first echelon (attack force) from breaking through the defense if there is a reasonable time for preparation. To meet longer pressure from the enemy's second operative echelon one must already today predict the need for reinforcements. As soon as the front is thinned out because a Danish brigade is pulled back, one must predict a rapid breakthrough. A thinning out will thus bring the risk of an earlier breakthrough and free rein for strong armed forces to move up through Jutland, which the single, pulled-back brigade (which today is included in the Jutland Division in the advanced defense) cannot prevent. In other words, our forces will be split up and beaten bit by bit.

The Social Democratic Party argues for its proposal by pointing to the need to strengthen the rear area defense. To this it must be said that Jutland is not empty of forces -- today as well armed forces will enter into the defense of Danish soil, for example the Jutland Combat Group. Each region will retain at least one infantry battalion for use, among other things, against enemy air landings. To this, naturally, comes the Home Guard's place in the whole area. In summary, then, it is my opinion that the use of our forces today is based on the best possible evaluation of how we can attain the optimal defense conditions and also the most effective prevention of war with the available resources. This naturally does not mean that I, too, could not wish for more -- but if this is to take place at the cost of upsetting Jutland, I see the risk that we are also selling out the rear area.

Especially as far as the fleet is concerned the proposal reflects the viewpoints that the party's spokesman, Knud Damgaard, has stood for in recent years, namely a significant reduction of our maritime forces. Viewpoints that the governing parties absolutely disagree with. One says that the naval forces must only concentrate on the supervision and control of Danish waters -- and participation in the defense of Denmark, but one does not say in this connection what is meant by control. The proposal is also empty of reasons for and the consequences of Denmark's giving up the large surface units (frigates and corvettes), torpedo and missile craft and submarines as well.

One does not justify the introduction of coastal batteries and what connection there is to the efforts of the Army and the Air Force. This is particularly surprising, because a series of these questions, among other things, are being discussed in the analysis group that was established after the last agreement and that still has not completed its work. Why in the world not wait for the results of these studies?

The Social Democratic proposal has had a very cold reception from the non-socialist parties. First and foremost because we do not have the slightest sympathy for chatter about a protective defense all the time that the Danish forces and the NATO alliance is already today a defensive alliance whose weapons will only be used if we ourselves are attacked, but also because one, under cover of the concept defensive -- or nonthreatening defense -- suggests a long series of amputations of decisive military areas and a reduced Danish



effort in the effectiveness of the alliance, among other things, within the advanced defense. No one -- not even in the Social Democratic Party -- can close his eyes to the fact that new words and fixed ideas do not make up for a lack of appropriations, and that the Danish military's main problem is a record of many years of neglect in the areas of both personnel and material. We are very happy that the Social Democratic chairman, Anker Jorgensen, almost simultaneously with the publication of the Social Democratic proposal, said that the Socialist People's Party cannot be used as a partner for the Social Democrats in the defense policy area -- but that the goal must be a continuation of the present political cooperation on defense. We agree with this viewpoint. But the content of every agreement must naturally be the decisive thing. For the nonsocialist parties it cannot be acceptable to base Denmark's military future on more or less far-fetched imaginations of threats and unidentified technological viewpoints that must have been produced by Knud Damgaard and his advisers. At the same time, a prerequisite must be agreement on the tasks and framework within which the military is to perform its duties. Denmark's position in NATO -- the commonly agreed upon NATO policy and the position of the Danish military are parts of the same matter -- is a question of how we can best assure our own freedom and independence and in the same way contribute to security and relaxation of tensions in the world around us.

9124

CSO: 3613/191

## MISSION, ACTIVITIES OF CIVIL DEFENSE ORGANIZATION DESCRIBED

Copenhagen BERLINGSKE TIDENDE in Danish 10 Aug 86 Sect III p 2

[Article by Nils Eric Boesgaard: "Heroic Deeds and Hard Work"]

[Text] The primary task of civil defense is to protect the people from the results of a war, but in time of peace as well the corps must act as a reinforcement for the civilian fire departments and as the national rescue corps when the environment is threatened by radioactivity, oil spills, or chemical catastrophes.

The smoke is so thick that one cannot see the hood of the Land Rover as the fire brigade column turns into the small, hedge-bordered path in the North Zealand civil defense practice area at Hanebjerg near Hillerod.

"It is supposed to simulate lime dust. Lime dust is so thick in a bombed city," Corps Commander N.J. Berg said as he carefully maneuvered the car through the clouds of smoke up to the exercise area where cars and buildings are burning in an inferno of fire.

In the middle of the area stands a fire engine in the new orange yellow color of the corps. It is being used on the vehicles that are normally employed in the rescue units that are included in peace time preparedness. A group of conscripts, dressed in "battle uniforms" and helmets equipped with leather protection down the nape of their necks is busy putting out the fires.

Stretcher bearers take care of the wounded who are lying around moaning very realistically while the fake blood streams down over their limbs.

#### Renewed Interest

After having lived something of a shadowy existence for some years, civil defense has received renewed interest. Partly because the politicians have long seen the necessity of protecting the civilian population in a time of war or crisis, and partly because the leakage catastrophe at the Soviet Chernobyl nuclear power plant has created interest in the corps' increased role in radiation or other environmental catastrophes. Civil defense took part for the first time in this dangerous area when, after the Chernobyl accident,

it cleaned cars that landed at Gedser and Rodby for radioactive particles, took measurements and performed decontamination on ships that passed through Oresund to Copenhagen, and carried out regular measurements of radioactivity in six so-called tracking routes in Zealand. "The same routes that are to be checked if one suspects a spill from Barseback," Section Chief Einar Hansen said.

Civil defense in Denmark is divided into two categories. The communal section, which is voluntary, and whose personnel train in their free time, just as the homeguard units in the army, and the conscripted Civilian Defense Corps, which is always ready to turn out, but whose strength can be greatly increased by conscripts in a mobilization situation.

"It consists of a permanent nucleus of officers and a significant number of conscripts and rank and file who are trained to some extent to make a contribution toward the security of the civilian population in case of war, but who are also trained to make up an important reserve during catastrophes in peace time, whether they be ordinary fires or oil spills, chemical accidents, radioactive fallout, or other environmental accidents," Hansen said.

#### Six Months Obligatory Military Service

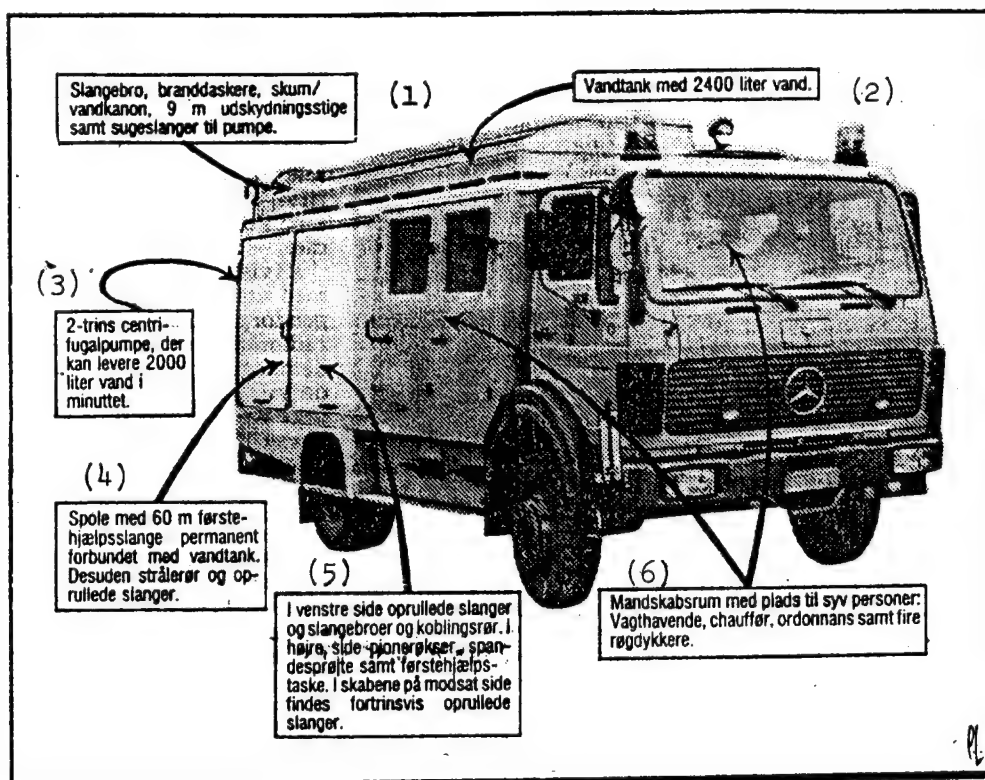
A civil defense unit such as the one in Hillerod calls in 45 conscripts four times a year for six months duty. Besides this, a number of so-called K conscripts are called in for a month of training, after which they go to the community civil defense forces. Today the conscripts come from a broad cross-section of Danish youth -- just like the military defense conscripts -- and it is not as it was previously with a great many conscientious objectors, Hansen said.

Ten days after they are drafted, the conscripts take part in operational preparedness. The newcomers begin their training farthest away from the operational area and gradually advance as their ability increases.

"Participation in putting out real fires and in rescue operations during environmental accidents is an inestimable part of the conscripts' training," Commander Berg said. Berg is the daily director of training.

The reserve forces have at their disposal the modern, orange colored fire extinguishing material that is used in daily operations and that is the same as what is used by the civilian fire departments.

The war material consists of standardized, gray Mercedes-Benz trucks that are equipped with hoses, tools, and attached pumps that can rapidly be transferred to conscripted civilian vehicles during a time of mobilization. Ambulance equipment, which in time of war will be used by civil defense, consists almost exclusively of conscripted trucks, which, by means of ready made parts, can be converted for the transport of wounded. A fully mobilized civil defense unit consists of two thousand men with 175 trucks, 115 trailers (attached pumps), and 45 motorcycles.



The most important civil defense vehicle in peace time preparedness is this Mercedes-Benz truck pump. It is used in an extinguishing unit together with a hose tender and an emergency truck. It is sent out when the community or private fire departments need support.

Key:

1. Rubber bridge, fire broom, foam and water thrower, 9 meter extension ladder, together with suction hoses to the pump
2. Water tank, with 2,400 liters of water
3. 2-stage centrifugal pump that can deliver 2,000 liters of water a minute
4. Reel with 60 meters of first aid hose permanently connected to the water tank. Also a nozzle and rolled up hoses.
5. On the left side rolled up hoses and rubber bridges and connecting hoses. On the right side emergency axes, bucket pump, together with first aid kit. In the cabinets on the opposite side are mainly rolled up hoses
6. Personnel cabin with place for seven persons: duty officer, driver, dispatch rider, and four firemen.

## When the Environment is Threatened

The daily preparedness, which serves to support the community and private fire departments, includes a firefighting unit consisting of a motor pump, a hose tender for laying out hose when it is necessary to transport water over great distances, together with an emergency truck with all the heavy lifting and cutting equipment necessary at an accident.

Important equipment in connection with the transport of natural gas is a series of new 250 kilogram powder extinguishers that are supposed to be capable of extinguishing widespread fires in the main gas network. No private or community fire department has such equipment.

Another new type of material, which is partially financed by the Environment Department, consists of two large container trucks, the so-called pullers, together with a number of specially built containers with equipment for oil and chemical spillages and other environmental accidents.

A container is equipped with a room to change clothes. It has suits for the rescue personnel that protect against chlorine and chemicals. One contains a complete foam tender for use against a fire, for example, in an oil refinery, while another has an oil mop for cleaning, for example, a basin with an oil spillage.

Among the things that are high on the desirable list is a special personnel decontamination container, Hansen said. He added: "It is very important to be able to clean an injury that has been contaminated by chemicals when the patient arrives in an ambulance or is brought to a hospital. When there was an ammonia spill in Fredericia, it was almost necessary to close the whole hospital when the injured were brought in in a contaminated state."

9124

CSO: 3613/190

## PERSONNEL DRAIN LEADS TO HIRING OF FRG FLIGHT CONTROLLERS

Copenhagen BERLINGSKE TIDENDE in Danish 22 Aug 86 p 3

[Text] The Danish Air Force is losing many flight controllers to the civilian air lines. For the yearly exercise at Skrydstrup one must now retrain three German flight controllers. Only eight flight controllers a year are trained in Denmark.

The lack of flight controllers in the Danish defense forces is so acute that it has been necessary to borrow three West German military flight controllers for the yearly tactical firing at Skrydstrup Air Base, according to the magazine, STAMPERSONEL.

Eight military flight controllers a year are trained in Denmark, but this is not enough to replace the many who are tempted by better working conditions in the civilian air lines and ask to be allowed to leave.

The three West German flight controllers are being retrained to be able to work independently in Denmark.

"It is alarming that they are receiving authorization to work independently in this country. We think they should work under the supervision of Danish flight controllers," a representative of the Air Force leadership at Skrydstrup Air Base said to STAMPERSONEL.

Usually the rules require flight controllers to be able to speak both Danish and English.

Air Force personnel fear that other positions may be occupied by foreign soldiers, because military pilots, flight mechanics, missile personnel, and electronic mechanics are in short supply in the defense forces, the magazine said.

9124

CSO: 3613/190

## RESERVISTS KEY PLAYERS IN WARTIME 'NAVAL CONTROL OF SHIPPING'

Bonn TRUPPENPRAXIS in German Jun 86 pp 331-333

[Article by Commander Hans von der Mosel: "Naval Control of Shipping in Peacetime and During the Crisis"; first paragraph is TRUPPENPRAXIS introduction]

[Text] The naval control of shipping organization of NATO is available in peacetime and during crisis times to Western-oriented maritime navigation with passive protective measures. Its organization, training for action in shipping control, and its missions are elaborated in the following article. The author is a referent in the Navy Operations Staff.

## Introduction

There has been no shortage in recent times of secure control of commercial vessels on the high seas. Since 1981, maritime shipping has reported armed robberies of freighters between Singapore and Indonesia and along the West African coast. In the summer of 1984, mines in the Red Sea presented a danger to free passage. Since the beginning of 1985, tankers and freighters are lying in international waters in the Persian Gulf under missile attack and commercial vessels of West European countries are more frequently stopped to be searched and forced to stand in to an Iranian port. Shipowner worries are increasing with respect to the safety of vessels and crews.

The role of international shipping becomes clear through the fact that 80 percent of the goods exchange in the world is accomplished by sea. With respect to the Federal Republic of Germany, two-thirds of the imports and one-third of the exports are moved by ship. Whereas the sea transport area of Western countries is predominantly used to supply the needs of the populace in peacetime, in times of crisis, additional requirements for ship capacities are levied for purposes of transporting military reinforcement cargoes from North America to Europe.

## Naval Control of Shipping Organization

NATO and the Western-oriented countries possess a management organization, in the form of a worldwide navy control of shipping organization, which, in times of crisis, offers NATO and the Western-oriented merchant shippers passive

protective measures. The naval control of shipping organization includes regional commanders, sea commanders, and naval shipping controllers, whose mission it is to familiarize navigators with crisis situations, with the approval of shipowners, and to guide merchant vessels, fisheries vessels, and supply vessels around crisis areas or along safe routes.

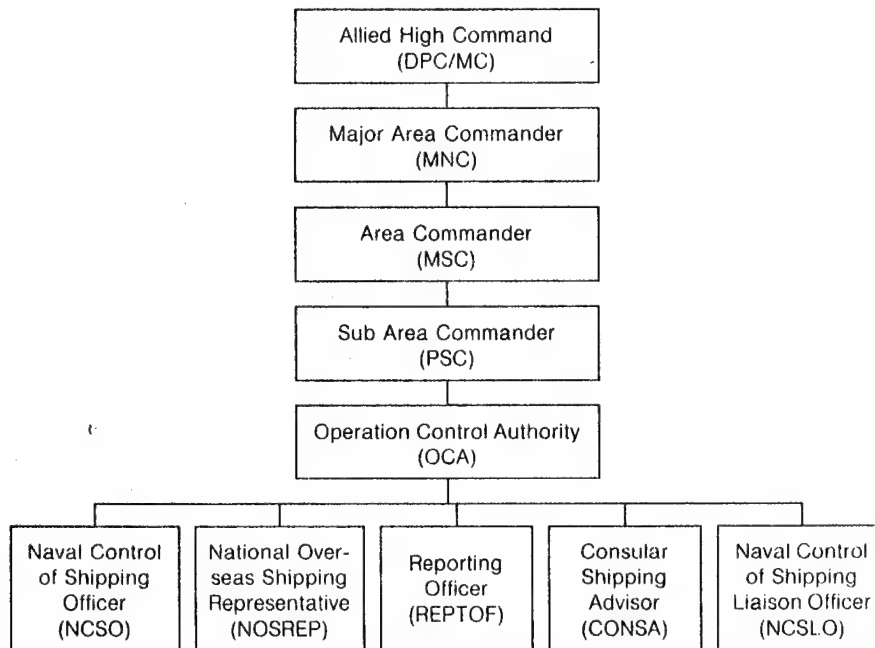


Fig. 1. The allied naval control of shipping organization.

The naval control of shipping organization is composed of reservists. Its lower organs represent an extension of the arm of the sea commander aboard ships at sea and in port. The naval control of shipping officers (NCSO's) in ports, the naval control of shipping liaison officers (NCSLO's and REPTOF's), and the national shipping representatives in harbors outside of the NATO alliance areas (NOSREP's and CONSA's) provide captains worldwide with information and advice. "Boarding teams" visit ships in harbors for this purpose during their frequently only brief lay times.

Training for the implementation of naval control of shipping (NCS) is the mission in peacetime.

#### Naval Control of Shipping in Peacetime

In the Federal Republic of Germany, the naval control of shipping organization consists of the four partially activated control units at Kiel, Hamburg, Bremerhaven, and Emden and the organically subordinated branch offices in the most important ports of the German Baltic and North Sea coasts. A total of approximately 600 reserve officers, noncommissioned officers, and crew members make up this organization. The nucleus of these troops are the "boarding officers."



## Training for Naval Control of Shipping

In a continuing training rhythm, reservists are trained on the job by participating in NATO maneuvers with merchant ships and in a well-conceived training process are trained to perform the following functions involved in naval control of shipping:

### 1) For duty on domestic merchant vessels:

a) Training of merchant vessel officers with ratings of AG, AM, CI at the special training center for ship security at Neustadt and at the Navy School at Muerwik, with the latter providing training for captain or chief engineer of convoy vessels.

### 2) For duty within the naval control of shipping organization:

a) Training at Cuxhaven to become a naval control of shipping officer;

b) Training at the naval control of shipping training station to become "boarding officer," "duty officer PHQ/MHQ," "naval control of shipping liaison officer," radio operator and signalman in the convoy command staff, driver and coxswain;

c) Training at the Navy Communications School to be a telecommunications boatswain;

d) Training at the Navy School at Muerwik to become a convoy operations officer as a prerequisite for subsequently becoming convoy commodore;

e) Training of convoy control staffs.

For purposes of additional training of reserve officers and to facilitate an exchange of experiences, training courses for naval control of shipping and for convoy control are attended in Great Britain, Canada, and the United States.

Special recognition with respect to the work of reservists is due to weekend seminars for reserve officers, held by the commander of Naval Forces for the North Sea.

## Activities Involved in Naval Control of Shipping

In peacetime, the activities involved in naval control of shipping extend to the following areas:

1) Familiarizing captains, first officers, and radio officers aboard merchant ships and fisheries ships with "naval control of shipping."

2) Equipping of merchant ships plying overseas routes with tactical and telecommunications regulations to facilitate implementation of naval control of shipping in cooperation with water and navigation directorates and control of the reporting status.

- 3) Advising merchant ship captains on questions of protective measures to be taken in crisis areas.
- 4) Preparation for crisis missions by having the naval control of shipping organization participate in annual NATO exercises involving merchant ships.
- 5) Practicing the use of convoy control staffs in maneuvers aboard escort vessels, in cooperation with the Operations Control Authority officers.
- 6) Working out instructions for naval control of shipping within NATO, in cooperation with NATO planning groups, with the Federal Ministry of Defense, with the Joint Forces Staff, with the fleet command, with the commander of Naval Forces for the North Sea, with the Maritime Department of the Federal Ministry of Defense, with the Association of German Shipowners, and the Association of German Coastwise Shipowners.
- 7) Reworking of regulations and the training content on the basis of constantly further developed data processing and improved equipment in information transmission.

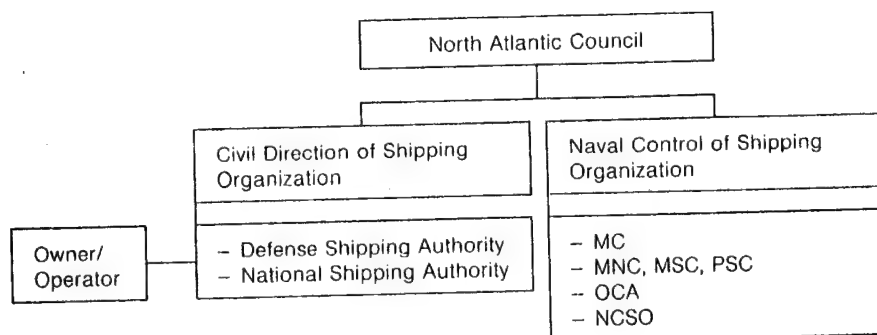


Fig. 2. Civilian/military cooperation.

### Naval Control of Shipping in Crisis Situations

The safety of crew, ship, and cargo is the goal of passive protective measures in the form of controlling vessels on the high seas.

### Organization of Naval Control of Shipping

In a crisis situation, this organization goes into action through the activation of the military naval control of shipping organization and the civilian navigation control organization plus the readiness of shippers to accept protective measures.

The "Civil Direction of Shipping Organization" encompasses the NATO "Defense Shipping Authority" and the national shipping authorities which jointly protect the interests of maritime navigation vis-a-vis NATO in times of crisis. The "National Shipping Authority Germany" encompasses the Maritime Shipping

Department of the Federal Ministry of Defense, the Department of Fisheries of the Federal Ministry of Agriculture, and the Merchant Shipping Department of the Federal Ministry of Defense.

#### Activation of the Naval Control of Shipping Organization

Activation of the naval control of shipping organization in a crisis situation depends on this action being sanctioned on a NATO-wide basis by the North Atlantic Council and on the readiness of shippers to have merchant vessels "routed" on the high seas. "Voluntary naval control of shipping" is the action concept. The prerequisite for this is that NATO merchant vessels operating in certain segments of the sea are prevented from making free use of sea lanes. A danger zone which is described in this manner is then designated as a "merchant ship control zone" and the sea commander responsible for this area of the sea is charged with implementing the protective measures affecting the merchant vessels. The prerequisites for such measures are the establishment of a worldwide ship plotting facility. In cooperation with the captains, ship-owners, port authorities, navigation authorities, coastal radio stations, naval control of shipping facilities, and sea commanders, ships at sea and in port then receive information regarding the location of danger zones and containing the necessary route recommendations to circumnavigate or securely cross these zones. A crisis management team comes together which must attempt to maintain the flow of sea transport and the execution of fisheries in the endangered sea areas. Captains at sea are in direct communication with the sea commander on land; after arriving in port they are interrogated by the "boarding team" regarding events which have taken place in the past, and are prepared for the ensuing journey by being provided information on the situation and being given route recommendations ("debriefing" and "briefing"). A maximum of protection and security is to be achieved with a minimum of restrictions during a locally limited crisis. Should the crisis expand and should NATO decide to reinforce Europe, the activities of the naval control of shipping organization expand by having to route the reinforcing traffic and by having to engage in other situation-dependent activities concerning international ship traffic within the NATO area. NATO merchant shipping is provided warning information in cooperation between the OCA's and national navigation authorities.

In the event of a crisis situation which is further exacerbated, NATO will then face the decision of having to make the transition from voluntary naval control of shipping to the use of routes which are mandatory for merchant ships and to take active protective measures with the assistance of naval and naval air forces.

The duty here remains to secure free navigation.

#### Final Conclusions

Maintenance of the inviolability of ship navigation routes is a strategic mission and a component of maritime policy. Naval control of shipping is a part of the operational control exercised by the sea commander. In times of crisis it will be all the more successful, the more effectively it can demonstrate its possibilities to provide protection for maritime shipping during peacetime. Despite the events listed in the introduction in shipping since 1981, NATO has thus far declined to activate the instrument of "naval control of shipping."

## ND LEADER MEETS WITH PRIME MINISTER PRIOR TO U.S. TRIP

Athens POLITIKA THEMATA in Greek 12-18 Sep 86 p 14

/Text/ It was necessary for ND leader K. Mitsotakis to schedule a trip to Washington to meet with Secretary of State George Schultz and later to Vienna where he most probably is to talk with Turkish Prime Minister T. Ozal in order to bring about a meeting between the prime minister and the head of the major government opposition party. In any other country of the Western World such a meeting takes place at regular intervals because the rules of the political game and normal democratic procedures so dictate. Here in socialist Greece this get-together was considered a surprise!

This meeting --and here, of course, we do things that nobody else does-- was requested in writing by Mr Kon. Mitsotakis in view of the contacts and discussions he will have in the United States and Austria. More specifically, because besides seeing Mr Schultz, the European Democratic Union summit is scheduled to convene in Vienna whose agenda includes two very hot issues affecting Greek interests: the situation in Cyprus and Turkey's joining the community. These two problems together with Turgut Ozal's and Cypriot President G. Kliridis' presence in Vienna surely give special importance to the 2-day conference (19-20 September).

In any other democratic country the meeting would have been initiated by the prime minister so as to the request the assistance of the leader of the major government opposition party in confronting national issues on a common front (despite all or any differences over the specific handling of given issues). However, this did not occur.

Finally, a 45-minute meeting did take place on Tuesday afternoon in the political office. It was devoted exclusively to the prime minister's briefing Mr Mitsotakis on the sensitive issue of Greek-American relations and Greek-Turkish relations on the Cyprus problem. When asked if any domestic matters were touched upon Mr Mitsotakis said no but added that the meeting was a tete-a-tete.

As is known, the ND leader leaves Sunday for the United States with a first stop in Boston where he is scheduled to enroll his son, Kyriakos, at Harvard. On Tuesday morning he goes to Washington where at 3:30 pm (local time in Greece is 10:30 pm) he will meet with Secretary of State George Schultz, a meeting to which westerners and Americans in Greece attribute special significance because neither the U.S. secretary of state nor the secretary of defense normally receive government opposition party leaders.

Prior to the meeting, Mr Mitsotakis will attend a "working luncheon" at which experts of the Department of State and Department of Defense will give briefings.

The next afternoon the ND leader will fly to Vienna for the European Democratic Union summit at whose proceedings most of the leaders of West Europe will be present: Chancellor Helmut Kohl, French Prime Minister Jacques Chirac, Danish Prime Minister Poul Schluter, the prime ministers of Belgium and The Netherlands, Italian Vice President Giulio Andreotti, Turkish Prime Minister Ozal, Mr Gl. Kliridis, etc. Besides the two above-mentioned issues of special Greek interest, the agenda also includes matters of international and European policy, return to private initiative, "new freedom and the limits of socialism," protection of the environment, high technology, the situation in Malta, the consequences of the Iranian-Iraqi war, etc.

As is anticipated, the Mitsotakis-Kliridis "front" will oppose Turkish arguments with corresponding references to the Cyprus question, Ankara's provocations in the Aegean and its continued threats against the territorial integrity of our country.

Given the fact that the overwhelming majority of our EEC partners are also members of the alliance, the Vienna discussions assume major importance for Greek interests. For that reason Mr Mitsotakis' talks with West European leaders in Vienna have added importance, according to reliable diplomatic observers in Athens.

5671

CSO: 3521/7

## AGUSTA AEROSPACE DIVISION PRESENTS LATEST ADVANCED SYSTEMS

Genoa IL SECOLO XIX in Italian 30 Aug 86 p 16

[Article: "At Farnborough '86 the Best of the Agusta Group's Advanced Technology is on Display;" first paragraph is IL SECOLO XIX summary heading]

[Excerpts] Advanced programs are characteristic of Agusta's Aerospace Systems Division, which carries out research and production activities in the equipment and aerospace electronics sector (with Agusta Systems as the head division, OMI -- Italian Optical Mechanic -- and the OMI Corporation of America); in the field of castings and new aeronautical alloys (with FOMB [expansion unknown]), and in the field of new fiber reinforced materials (with the Composite Center of Anagni). This division is acquiring an even more significant role within the Agusta Group's production structures.

Electrooptics, computers, and displays continue to represent the highlights of the division's strategy, while a considerable share in the design of international missile systems is also planned.

Among the new products of the Aerospace Systems Division are the IMS system (Integrated Multiplex System) for helicopters of the A-129 family, the Nav-Attack system for the S-211, the Heads-Up display system (a device used for data viewing at eye level) for the new AMX tactical support plane and for the Tornado tactical bomber, as well as the EFIS (Electronic Flight Instrument System), a program for the management of aircraft flight, mission, and control data, produced for the Italian-British EH 101 helicopter.

In the electrooptics field, the Aerospace Systems Division produces the CIRTEVS, a system using infrared radiation for remote surveillance and control for aircraft and fixed structures, and the FLIR (Forward Looking Infrared), which is designed to permit helicopters to carry out all-weather search and rescue missions for victims of shipwrecks.

The technological advances achieved in the new sectors allowed the Agusta group to make bids even for U.S. space defense programs through the development of a strategic technologies consortium, CITES.

At the Farnborough air and space show, the Agusta Group will have in-flight demonstrations of the A-129 Mangusta and the A-109 widebody helicopters, and of the S-211 and the SF 600 Canguro aircraft. Static displays of the life-size mockup of the A-129 Utility version will be presented for the first time at an air show, along with the A-109 K version and the version produced for the Customs and Inland Revenue Service (equipped with underbelly radar and advanced avionic systems for search and coastal navigation), the life-size mockup of the naval version of the EH 101 and AB 412 Griffon, and the SF 260 TP and C 221 aircraft.

8615

CSO: 3528/M257

## GOVERNMENT GIVING LESS IMPORTANCE TO NATO'S SCG AS FORUM

Oslo AFTENPOSTEN in Norwegian 28 Aug 86 p 5

[Article by Hans Chr. Erlandsen: "Norway Lowers Priority on Important NATO Group"]

[Text] Norway will no longer meet on the policy level in NATO's special advisory council, SCG. This is the group that discusses the strategy the U.S. is to follow on behalf of the alliance in the disarmament talks being conducted between the U.S. and the Soviet Union. Personal Adviser Bernt Bull in the Foreign Office said to AFTENPOSTEN that there are no political considerations in the fact that the undersecretary in the office is no longer meeting in SCG.

The group was established as an informal forum in which the allies could discuss what strategy the U.S. should follow in the discussions on intermediate distance missiles that can reach targets in Europe (INF). The advisory group also functions as a forum in which the U.S. informs its allies on developments in the negotiations.

## Holst Took Part

Johan Jorgen Holst, the then undersecretary of state, met on Norway's behalf when the group was formed in 1979 and up to the change of governments in 1981. Eivinn Berg and Torbjorn Froysnes, undersecretaries in the Willoch government, foreign office, continued this tradition and used SCG as a forum in which one could give Norwegian evaluations directly to the American representatives responsible for the negotiations. Norway and the U.S. were the only countries that took part in the group's work with representatives on the policy level. This was based on the fact that from the Norwegian point of view SCG was of special interest and significance.

The fact that Norway is now lowering its participation from a policy to a civil servant level can be interpreted as placing less importance on participation in NATO cooperation as far as the American strategy in the disarmament negotiations on nuclear weapons is concerned.



## Practical Reasons

"The fact that Undersecretary Kari Gjesteby is not participating has its practical reason in her working situation," Bernt Bull pointed out. He stressed that the level of Norwegian representation is an open question and will be evaluated further.

Negotiations are now being carried out between the U.S. and the Soviet Union to establish a basis for a possible summit meeting between Party Secretary Mikhail Gorbachev and President Ronald Reagan. It is natural that SCG is to be brought into this work, but according to what AFTENPOSTEN understands, this has not happened yet.

In recent meetings, Norway has been represented in SCG by Department Head Bjorn Kristvik from the Foreign Office.

9124

CSO: 3639/151

## NATO DEPUTY COMMANDER DALTON UNDERSCORES NORWEGIAN SEA ROLE

Oslo AFTENPOSTEN in Norwegian 22 Aug 86 p 5

[Article by Liv Hegna: "Important to Show the Flag!"]

[Text] "If NATO doesn't show the flag in the Norwegian Sea reasonably often, defense credibility will sink," the deputy commander in the Atlantic NATO command, Vice Admiral Sir Geoffrey Dalton, said to AFTENPOSTEN as a large American aircraft carrier unit was on the way to our seas.

Next weekend, after the press has come onboard the nuclear-powered aircraft carrier, the USS Nimitz, and troops are later test-landed in Malangen in Troms, the vessel will head south to take part in the large military maneuver in southern Norway in the middle of September.

## Challenge

Admiral Dalton stressed in a conversation in his office in Norfolk, USA, that there are many elements in NATO's naval defense that can operate in the Norwegian Sea and stop the tendency toward the sea areas off our coast becoming a "Mare Sovjeticum." Dalton thinks that participation in forces such as the present Atlantic Ocean forces (STANAVFORLANT) is a challenge to nations with borders on these sea areas.

## Norwegian Gap

For Norway's sake, he stressed that there is a gap between the strength goals the Atlantic Ocean command has established and what is being produced by naval defense. Dalton is particularly concerned that Norway maintain its five frigates in good condition. They are used essentially against submarines. When one considers that the Soviet north fleet has 141 submarines and that the Baltic Sea fleet has 45 that in certain situations can threaten both northern and southern Norway, one may think that Dalton's goal is modest.

## Mine Sweepers

There is a formidable threat from the Soviet side in the form of mines that can be laid both from submarines and surface vessels, and from aircraft.

According to Vice Admiral Dalton, one assumes that mine-laying is also being planned from Soviet merchant ships. Dalton said that NATO has too few mine-sweepers and mine clearers -- and that Norway should replace the ones that are already obsolete.

Dalton also said that in the U.S. one thinks that mine countermeasures will be an important mission in the future. This has not been a priority for the Americans up to now.

Dalton cannot state in dollars what the exercise in Norway costs NATO, but he stresses that it is not cheap. Just the 6,000 men alone who take part onboard cost enormous sums.

The 95,000 ton Nimitz uses millions of liters of fuel on the way over the Atlantic to northern Norway and then on to the south. The vessel can handle up to 90 aircraft. At the turn of the month many of them will participate in a special demonstration the army will present to NATO heads.

9124  
CSO: 3639/152

## NORDIC GOVERNMENTS ACCUSED OF FOLLOWING OUTMODED POLICIES

Oslo AFTENPOSTEN in Norwegian 22 Aug 86 p 3

[Op Ed Article by Retired Major General Werner Christie: "Outmoded Ways of Thinking Must be Replaced"]

[Text] Nordic defense thinking has become set in old concepts. It is a paradox that the Nordic countries, in spite of historical, linguistic, cultural, and other connections, have chosen fundamentally different paths in their security policies. To be sure, attempts were made after the war to establish a neutral Scandinavian defense union, but the plan was shipwrecked. Only Sweden continued its alliance-free policy. Norway and Denmark chose NATO, while Finland was tied to the Soviet Union by the so-called friendship and support agreement.

Seen through the eyes of Soviet strategy, Scandinavia and Finland are not four different countries, but a land mass that prevents entry of the Soviet fleet to the Atlantic Ocean. At the same time, the area lies unpleasantly close to the large bases around Murmansk. It is only 50-60 kilometers to the Norwegian border. Northern Russia, the Baltic, and the area around Leningrad can be reached in only five minutes of flying from Sweden and Denmark.

## Great Possibilities

On the other hand, the Scandinavian area offers great possibilities for Soviet air bases and warning sites. Control here would have given them great depth in defense. At the same time there are possibilities for bases for air and sea forces along the whole Norwegian coast and partially in Denmark. All the old German structures show how important this area was during the Second World War, and the importance of the bases has only increased. Both for NATO and the Soviet Union these bases are of incalculable significance in the struggle for the mastery of the seas, a struggle that is inextricably connected to control of the air. It is not just the powerful north fleet that must go out to the open seas; the Baltic Sea fleet must insure passage between the Danish sounds and belts. The Soviets would prefer the Baltic Sea to become an inland sea, and this requires control over Finnish, Swedish, and to some extent Danish territory.

## Long Range Goals

The intentions described here are long range goals, and they are in no way easy for the Soviet Union to reach. Some will say that I am painting a gloomy picture, but let us not forget that in 1939 the Soviet Union attacked small, neutral Finland because Finnish territory was too near Leningrad. No flagrant attack is directly imminent. In the long run, the Russians will use the means they have used earlier against their neighbors: forced "neutrality" and friendship agreements, political, economic, and military alliances, and finally direct occupation. History has shown that raw military power is an important tool in Russian policy.

## Soviet Use of Power

The recent buildup of the Soviet navy and the strengthening of the air force have opened up new possibilities for the use and projection of power. Missiles, amphibious vehicles, and submarines have weakened the value of geographical hindrances such as mountains and fjords. Distances are overcome much more easily than before. The whole North is today within the operational area of the super powers. This can be seen clearly in the exercises around our coast.

In spite of this development, Nordic thought seems to be set in old concepts. In Sweden, freedom from alliances is almost liturgy. With us, policy on bases and nuclear weapons is like a holy cow. It is considered political hara-kiri to touch these solid points -- more accurately, internal political hara-kiri. Traditional politicians neither can nor dare to attempt any basic reevaluations. No concrete alternatives seem to be realistic. One understands the sigh from the Swedish conservative politician, Leif Cassel: "Thank God things are as they are. How the devil could they be different."

9124

CSO: 3639/152

## AIR FORCE TO PURCHASE P-3C ORIONS FOR MARITIME SEARCH, ASW ROLES

Oslo AFTENPOSTEN in Norwegian 29 Aug 86 p 4

[Article by Cato Guhnfeldt]

[Text] The Air Force is about to make its largest purchase of aircraft measured in kroner since the procurement of the F-16 jet fighter, according to plans worked out by defense leadership. It has to do with the purchase of four, factory-new Lockheed P-3C "Orion" patrol aircraft for maritime search and for hunting submarines. They are to replace five of the seven earlier versions of the aircraft, which today are used by Squadron 333 on Andoya. The two remaining aircraft of the type P-3B are to be updated with, among other things, modern flight instruments, and will be used mainly in coast guard assignments and in training.

Negotiations with the Americans on the aircraft purchase have lasted for two to three years. Serious negotiations began last spring and are expected to be completed at the end of October or the beginning of November. A possible Norwegian aircraft order has as yet not been cleared with the political authorities.

But if things go well, the new "Orion" aircraft will probably be in place in 1989. The Defense Department will not indicate at the moment what the purchase price of the aircraft will be because negotiations on this are in process.

The new "Orion" aircraft will be stuffed with the most modern electronics for search, record, analysis, supervision, and communication with military bases in Norway and central NATO headquarters. The primary task of the aircraft will still be to follow Soviet submarines and surface vessels in the Norwegian Sea and the Barents Sea.

"Since there has been significant technical development in this area since Norway got its first "Orion" aircraft in 1969, the defense leadership has long seen the necessity for updating the equipment in these aircraft," the press spokesman for the Defense Department, Erik Senstad, said. "Originally the Defense Department was interested in installing new equipment in the old aircraft. But since this proved to be about as expensive as buying new aircraft, we chose to go for the latter alternative," Senstad said.

A good illustration of the technical development in aircraft supervision at sea is perhaps the fact that the Defense Department thinks that four new aircraft can replace five old ones extremely well.

It has not yet been made clear what will happen to the present P-3B aircraft. But it is probable that the five oldest, which are all Norwegian property, will be sold. For security reasons the market for such aircraft is quite limited. It is mainly to other NATO countries.

The two newest aircraft in the "Orion" fleet, which were acquired at the end of the 1970's in connection with the extension of the Coast Guard service, will, according to the present plans, remain in the Air Force. Both aircraft will be modernized, among other things, with flight instruments.

9124

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## AIR FORCE SUFFERING FROM CRITICAL SHORTAGE OF GROUND PERSONNEL

Oslo AFTENPOSTEN in Norwegian 30 Aug 86 p 10

[Article by Cato Guhnfeldt: "Technician Crisis in the Air Force"]

[Text] The Air Force does not just lack pilots and personnel to occupy leading positions. The defense branch is also hit by the more serious lack of technicians in its whole history. Between 400 and 500 technical positions are unoccupied. The most precarious thing is the lack of personnel in the electronic specialties. Andoya Air Base has been hardest hit, but all the other air bases, particularly in northern Norway, have noticed problems. Only one of Norway's five fighter squadrons is able today to meet the demands of full operative status. Over 100 highly qualified technicians will leave the Air Force this year.

The Norwegian Air Force is going at half speed for the second year in a row. All in all, effectiveness from the aircraft side lies between 60 and 70 percent of what it should be. At all times a significant number of F-16's are in "storage," even if the aircraft are rotated in and out of use so that too much time will not pass between each time they are in the air. At an air base such as Bodo, however, the lack of ground personnel is balanced by the lack of pilots so that one avoids "undercapacity" in one area.

## NATO Limit

"On the whole we manage to meet the NATO limit that says that 70 percent of a squadron's assigned aircraft must be operative, but we don't do any more," Colonel Bard Tore Helland of the Air Force staff said. It is the unpopular bases that lose personnel, and the problems are greatest in northern Norway. It is almost impossible to get experienced ground personnel to go north. At present we are saved by required duty. Since we are locked into the government's salary regulations, we have no "carrot" to tempt people with. At a place such as Andoya it is impossible to get people to remain beyond their required duty. But one also works hard at an air base such as Rygge.

## Training Problems

Helland says that it is casual resignations that are the problem, first of all because highly qualified technicians are eagerly sought after in the civilian



market, not the least by companies with connections to the oil industry. The resignations have increased because civilian training institutions have not been able to train enough specialists to meet the economy's necessity. On the military side as well there are training problems. For example, the Air Force Technical School in Kjevik has in the past 10 to 15 years only graduated three-fourths of the planned number of students, first of all because of a lack of qualified applicants to the school.

Of the approximately 30 different technical service areas, the field of data/electronics has been hardest hit. In the past two years, for example, one has lost a whole class of radar technicians in Finnmark. At one point, a newly appointed technical chief at one of the radar stations only had three months' experience when he got the job.

#### Countermeasures

The technician crisis has led to countermeasures by the defense leadership that in the short run, but hopefully to a greater extent in the long run, will make the situation a little better. Among other things, one has put through additional wages for 150 technical positions, while another 150 positions are being evaluated in connection with the next wage negotiations. Other elements are free leave trips for those who must travel far, free meals for those on short time orders, an increase in the number of free family trips for persons in northern Norway, among other things.

Besides this, the question of the introduction of so-called living allowances have been proposed by the defense leadership to the political authorities.

9124

CSO: 3639/152

## REACTIONS TO FOREIGN POLICY INSTITUTE REPORT ON KOLA BUILDUP

## Report's Project Leader Comments

Oslo AFTENPOSTEN in Norwegian 26 Aug 86 p 3

[Text] "The report of the Norwegian Foreign Policy Institute (NUPI) confirms what I have said for a long time: the Kola Peninsula and the Barents Sea are among the most important military areas in the world, if not the most important. Norway and the North must face the reality that we lie in the center of the balance of terror between the two superpowers."

This is what Project Leader Finn Sollie of the Perspective Group for Northern Area Questions said to AFTENPOSTEN in a commentary to the report on the Soviet Union's strength buildup of the Kola bases.

"I am not very surprised. When such large and costly bases for the new Typhoon submarines are being built, it indicates they will remain in the North," he said. Sollie thinks that the air base buildup is the most disturbing:

## New Component

"The Soviet air base capacity was already large enough. Therefore it is a new component when runways are built that lie well protected far inland and can be used for long-range bombers and transport aircraft. This represents a further buildup of the Soviet Union's northern air force," Sollie said. Sollie is one of our foremost experts on the northern areas.

## Valuable Study

"It is good that Soviet military capacity near us has become the object of scientific studies so that the public will have insight into the facts behind Norwegian defense planning," the press spokesman for the Supreme Defense Command, Colonel Gullow Gjeseth, said to AFTENPOSTEN in a commentary on the publication of NUPI's almost complete report on the air and sea bases on Kola.

## Details Missing

Colonel Gjeseth stressed that the Defense Department thinks some details are missing in the report, but that the department was not in a position to go into more detail about which ones: "This would give the Soviets much too good an insight into the capacity of our military intelligence methods," he said. But he stressed that the Defense Department has no objections to civilian use of information from satellites.

Gjeseth says that to receive such pictures is one thing, to interpret them in the correct way is another: "A good bit of expertise is necessary to do this. Defense Department people have such ability," he said. He added, however, that there is no fear in military circles of a future loss of good intelligence people to civilian occupations when the use of civilian satellites becomes more widespread.

## High Price

Gjeseth says that it will always be a problem for civilian researchers to obtain sufficiently good satellite pictures on which to base their research, because the price is so high.

Colonel Gjeseth also thinks that commercial satellites will have a significant development in the future and that this will be used in a positive way in the work on armaments control. He also said that pictures from space can never replace on-site inspection.

## Defense Minister Cites 'Errors'

Oslo AFTENPOSTEN in Norwegian 1 Sep 86 p 2

[Op Ed Article by Defense Minister Johan Jorgen Holst: "No Doubt About Our Defense Capability"; Holst says that Norwegian authorities knew of the facts of the NUPI report. He questions some items and warns against drawing alarming conclusions]

[Text] Most Norwegians know that Norway has an important strategic position. This presents the country with problems and challenges. It also makes necessary a Norwegian policy that takes the superpowers' interests into consideration that break into our surroundings. A low-key policy protects Norwegian security in that it weakens the military competition and confrontation in the areas around our country.

It creates security in a broader sense as it contributes to the prevention in our area of a sharpening of the tensions between East and West. In this connection, we must of course understand that Norway cannot direct the strategic military developments in the North, only influence them to a certain degree. The superpowers do not let themselves be led by small countries. The sea areas around Norway are free seas.

## Consistent

It is important for a country with Norway's exposed position to follow a solid and consistent security policy. Membership in NATO puts Norway in international policy, and it ensures the country support if it should be threatened or attacked. Our own defense is an expression of Norwegian ability and will to resist an attack. It also contributes to assure allied help. It is particularly important to maintain our defense in good condition, because we are planning a defensive struggle with conventional weapons. The defense effort must be even to have a good effect. The NATO countries have agreed upon a growth assumption of three percent. Norway is among the countries that have remained most faithful to this assumption. This contributes to our credibility as an ally and a neighboring country.

## Common Border

Norway has a common border with the Soviet Union 196 kilometers in the north-east. The Kola Peninsula has developed into an important base area for the Soviet Union, both for the deployment of strategic forces (submarines with strategic missiles), basing of a seagoing fleet, early warning, and air defense. The military use of the Kola Peninsula is part of the deterrence of the U.S., ambitions to play the role of a superpower, and competition in exerting influence and control in Europe.

## A Larger Game

The forces deployed in the area are extensive. They are not aimed first of all at Norway, but are pieces in a larger game. But Norway's position is such that the forces create security problems for our country. The global power game can create incidents and necessities that will bring Norwegian security into the danger zone. Therefore we must be watchful.

Norway is keeping a careful eye on what is happening on the Kola Peninsula. A good survey of the situation there and insight into the development in the military area are necessary for an exposed country that is counting on mobilization and allied support if it should be exposed to attack. The defense and security policy we are following is built upon such a general perspective and insight. We must assume that the Soviet Union is not unaware that we have a good picture of the actual situation. One must also see that this is to our advantage, because it prevents efforts and actions that could create insecurity and nervousness.

## Solidarity

No country in the nuclear age can achieve security at the cost of other countries. All countries are bound together with others in mutual dependence, whether they are large or small. Therefore we must seek security in solidarity. We are still a long way from having created a security system built upon such recognition. It must be built up gradually on the basis of firmness, flexibility, reserve, and patience.

Modern technology has made it constantly more difficult for nations to hide behind fences and under roofs. Electronics remove camouflage. This makes it constantly more difficult for countries to protect themselves secretly. Because of this, it may perhaps become easier after a while to come to agreements on arms control and disarmament. Just the same, we can only see the results of decisions made in the past. We do not know much about what the authorities in the closed society intend today -- and often we do not discover these intentions for many years, until the weapons are ready for testing and deployment.

#### Quite Correct

The Kola report done by NUPI, which is partially based on satellite photography, shows how far technology has come. From civilian sources one can also buy pictures with even more information. The report puts together bits of information on the Kola Peninsula into a picture that is quite correct. It also has an interesting analysis that can contribute to the understanding of the considerations behind the developments.

#### Errors

There are also errors in the report, errors that partially have to do with the quality of the pictures and partially with knowledge of the developments that took place before the time the pictures were taken. The actual situation mapped out in the report is known to Norwegian authorities. The formation of Norwegian defense and security policy has taken and is taking this situation into consideration as it has developed over time.

Naturally it must not be built on mistaken information or interpretation. Some of the "new items" that have been blown up most by the report do not correspond to the picture the Norwegian authorities have. This is hardly the fault of the authors, but must mainly be blamed on the limitation of source material.

#### Sobriety

Those who draw far-reaching and alarming conclusions from the report can be blamed for a lack of sobriety and responsibility. There must never be doubt about Norway's will and ability to defend itself. Nor must there be doubt, either, about our ability to look reality in the eye. Those who search for or themselves express moods of alarm when the actual situation does not merit it, contribute neither to the furtherance of reduced tension nor to Norway's credibility. We must recognize that closeness to Kola creates special and difficult security problems for Norway. Similarly, closeness to the NATO country, Norway, creates hindrances for the Soviet Union. We must handle relations with our neighbor with steadiness and sobriety.

Newspaper: Holst 'Trivializes' Threat

Oslo AFTENPOSTEN in Norwegian 2 Sep 86 p 2

[Editorial: "The Threat in the North"]

[Text] Norway has a strategic significance that only increases. The same is true for Soviet supremacy in the North. Recent revelations of new Soviet bases on the Kola Peninsula can only stress the exposed position we find ourselves in on NATO's north flank. The information is perhaps old news for the defense leadership. But when Defense Minister Johan Jorgen Holst, without any basis, warns against exaggerating the significance of the Soviet buildup the report shows, there is danger afoot.

Let it therefore be said clearly: No matter how one evaluates the news value of these revelations, there is nothing that indicates that we should not follow up the defense policy goal that is a minimum if we are to maintain any sort of credible national defense. There is no room for cutting down the defense budgets as far as the real growth of 3.5 percent that the Willoch government fought through the Storting is concerned.

Holst cannot get away from this by trying to tone down the value of the NUPI report as he did in an article in AFTENPOSTEN yesterday. He can try, but he cannot appear very credible. This is said just to stress the seriousness of the threat we are facing. For our part, we cannot accept any form of reduction of the coming years' defense budgets.

When it was said last fall in the Storting that the Willoch government had presented a good defense budget, it was a significant exaggeration. The accepted defense budget is the best possible under the present economic and political conditions. The Labor Party, eagerly seconded by the Socialist Left Party, is preparing to repeat its proposal for reductions.

This in spite of the fact that the military defense chief, General Fredrik Bull-Hansen, has on repeated occasions shown that the resources are insufficient to maintain our relative defense level up to the year 2000. We have the minimum defense we must have to maintain a reasonable degree of security policy credibility. This goes for our position toward our Western allies whom we are more dependent upon than any other NATO country, and it goes for our position toward our powerful neighbor in the east. A weakening of our defense level will have very serious consequences.

Holst would like to think that those who draw alarming conclusions from NUPI's latest report can be blamed for lack of sobriety and responsibility. For us the report stands out as a confirmation that we are facing a continually growing threat that the defense minister should not try to minimize.

9124

CSO: 3639/153

## DEFENSE MINISTRY OUTLINES ARMAMENT PURCHASES, PROJECTS

Bonn TECNOLOGIA MILITAR in Spanish Aug 86 pp 60-62

[Article by Juan Jose Vega Echevarria: "Spain: A Trillion Pesetas in Armament Programs"]

[Text] From now until the end of the century, which means in the next 14 years, Spain will spend 1 trillion pesetas in the development of the great armament programs in which the Ministry of Defense is participating: the European Fighter Aircraft [EFA], the NATO frigate for the 90's (NATO Frigate 90 - NFR 90, the AX tactical fighter and the Lynx tank.

#### The European Fighter Aircraft (EFA)

The project for construction of the EFA will be the most costly program, with an estimated cost for Spain of more than 400 billion pesetas. The phase of specifications of the aircraft concluded last 30 June. In its development and construction Spain has a 13 percent share, Italy 21 percent, the United Kingdom 33 percent and the FRG 33 percent. Two multinational consortiums have been created for the development of the EFA, which will begin 1 January 1987: One is for the development of the aircraft and the other is for the development of the engine. Construcciones Aeronauticas S.A. (CASA/Spain) will coordinate the Spanish firms interested in participating in the project which has a Western security classification because of the high technology involved in the project.

Of the EFA, which will fly in 1990, Spain will acquire 100 units with an option for 40 more, Italy 160, and the FRG and UK 250 each.

#### The Spanish AX

The Ministry of Defense (or more specifically the Air Force), is also planning the construction of a light national tactical aircraft suitable for the international market. Its cost would be below that of medium-sized fighters such as the F-16. This aircraft, which would contain advanced technology in its structure and systems, will be ideal for countries that do not yet have an air force but would have this branch around the year 2000. Some of the technology to be incorporated would be that which provide insensitivity to radar (invisible aircraft), sensors for determining electromagnetic outlines and computers. The platform would be able to assimilate three generations of electronics gear so as not to become obsolete within a short time.

Leadership in the project belongs to CASA, and companies of four other countries have committed themselves to participating as technological partners under conditions of shared risks. Other nations have guaranteed their participation as market partners in exchange for technological help for their own aeronautics industries. The cost of the program is still undetermined but it will be similar to that of any development of a third generation combat aircraft.

The Spanish Air Force will acquire some 100 units of a total production foreseen as 300 units.

#### NATO Frigate for the 90's

Spain was late in joining this project in the so-called government phase. Despite the fact that a Spanish navy man heads the project, Spanish absence in the previous phase has resulted in poor intervention in the combat system of the ship. It is stipulated that 50 units will be built, of which Spain will acquire four at an approximate cost of 200 billion pesetas. Each country participating in the NFR 90 project (Canada, Spain, the United States, France, Great Britain, Italy, the Low Countries, and the FRG) will see their investments returned through a system of compensation for the purchases of the different components of the frigate, a ship that will be suited for missions of escort and protection, since it is provided with missiles and helicopters, as well as an advanced command and control system.

#### ...and the Combat Tank of the Future

Three offers vie for the 150 billion pesetas available for manufacturing a combat tank with foreign technology in Spain.

The FRG is represented by the Krauss-Maffei AG Company with its Lynx project based on the Leopard 2 tank. It would be a complex combat tank for the Spanish Army and also for export. Among other advanced components, part of the fire control system and main armament would be manufactured in Spain. The French candidate is Leclerc (formerly EPC [Engin Principal de Combat/CCF Char de Combat Future]), still in the experimental phase, which applies all the experience of the Gallic aerospace industry to the combat system.

The Italian offer, presented by OTO Metlara S.p.A/Iveco-Fiat, guarantees an equal share with Spain and the instillation of an assembly line in Spanish soil.

The Defense Advisory Commission on Armament and Materiel (CADAM) and the Ministry of Defense have prepared their reports in which are discussed the percentages of nationally made parts, reciprocity, price, operational characteristics, and cost effectiveness of each of the candidates. The final decision will be completely political, according to the opinion of those in charge of the program and of the majority of experts consulted on the matter.



## Defense Strengthens Research

In 1986, for the first time since 1977, defense budgets have increased at a rate below inflation, which means they have shown a negative increase in real terms, although it must be explained that stagnation in military budgets for this year is due to circumstantial reasons and not to a political decision to stray from the upward course followed in past years.

This stagnation has not, however, had any influence on the ministerial policy of strengthening research as the basis for a future solid and competitive industry in the armament sector.

As far as the allocation of Ministry of Defense expenditures for 1986 is concerned, the most prominent aspect is the large decline in purchases abroad, that is, those expenditures destined for imports. Purchases abroad are expected to total 68,958 billion pesetas in 1986, which is much below the 94.703 billion pesetas of the previous year or the 91.798 billion pesetas of the 1984 budget.

These purchases this year will represent 35 percent of defense expenditures, a percentage similar to that of 1982 and 1983 (34.3 and 36.1 percent, respectively) and much below those of 1984 (52.5 percent) and 1985 (46.2 percent). The foregoing also means that the Spanish defense industry shall see an increase in orders from the Ministry of Defense, since the 127.861 billion pesetas of the expenditures remaining will be made on Spanish territory. One of the basic objectives of the government's defense policy contained in the Joint Strategic Plan (PEC) is that of strengthening research and development (R&D) of a military nature in Spain. It is actually in the budgets of 1986 that an important beginning in this concept is made evident. All together the budgets for research and development for the Armed Forces in 1986 rose to 16.651 billion pesetas, an amount which represents an increase of 70.2 percent by comparison with this same item in 1985, which was 9.781 billion pesetas. With respect to the agencies and centers responsible for performing this R&D work, more than half of this assignment goes to the Esteban Terradas National Institute for Aerospace Research (INTA), an independent administrative agency of the Ministry of Defense, whose budget rises to 8.911 billion pesetas, 53.5 percent of the total assigned for military research.

It is followed by the General Directorate of Economic Affairs of the Ministry of Defense with 6.740 billion (40.5 percent), it being mainly expenditures to be made by the General Directorate of Armament and Materiel (DGAM). Overall spending for research in 1986 means 2.6 percent of the ministry's budget, percentage which is higher than the 1.6 percent of 1985 and the 1.4 percent of 1982. The 16.651 billion for research represents an increase of .052 percent of the Gross Domestic Product (GDP) compared to the .034 percent of 1985. This percentage means that Spain is located at an average European level similar to that of Switzerland and higher than that of countries such as Canada, Japan and the Low Countries.

With respect to 1986 research programs, three of them are outstanding because of their size.

- The program of weapons and systems with an allocation of 1.7 billion pesetas.
- The EFA program with 1.443 billion.
- That of the future combat tank with a figure of 1.145 billion.

These amounts represent a minimum part of the overall cost of the research for these projects.

Those responsible for the Spanish armaments policy have declared that the costs of R&D of the Spanish share in three of the great European projects (EFA, NFR-90 and TRIGAT) would mean some 25 billion pesetas in the next 10 years, which makes the intention of the Ministry of Defense to increase the spending on research to an annual amount of 30 billion before the end of the present decade, truly credible.

#### The Law of Appropriations and Budgets

The Spanish minister of defense wants to guarantee the rate of military spending until 1994 in a way similar to that called for under the provisions of the Law of Budgetary Appropriations for the Armed Forces between 1982 and 1985. This law, which is effective for the period 1982-1985, will be reviewed in the Cortes this year on the basis of a document presented by the Ministry of Finance, in which it is pointed out that military spending since 1982 has been slightly below forecasts. The Ministry of Finance reduced projected military budgets by 71.212 billion in 1986 and 20 billion in 1985, according to the estimates of the economic departments of the Ministry of Defense.

The Ministry of Finance argues that the growth of the GDP has not been that foreseen in the Appropriations Law and, therefore, budgets should not be increased at the rate the department of defense desires. Defense Ministry authorities hope to recover approximately 80 billion throughout the 4 years that the Law will still be in effect until 1990, law whose extension for another 4 years it is expected will be approved.

The basic criterion that inspired the Budget Appropriations Law for the Armed Forces, approved by a majority in Parliament, was the consideration that the three branches would have to acquire a balanced and harmonious structure in this decade. For this purpose some resources were allocated for modernization and materiel support throughout the period of time mentioned.

In the Ministry of Defense it is argued that "during the first 3 years of application of the law, the Spanish economic situation, although showing signs improvement, has been, and still is, difficult and for that reason it has not been possible to increase defense spending pursuant to the rates stipulated in the Appropriations Law."

The development of the frequently quoted Budget Appropriations Law for the Armed Forces was positive if the amounts released to them of 308,473,576 in 1984 is compared to the 252,538,788 pesetas of 1983, year in which an increase of 22.15 percent was recorded when fiscal year 1982 was compared with 1983.

Since in 1985 the figure was 327,971,289 pesetas, the increase that year when compared to 1984 was only 6.32 percent.

Nevertheless, in 1986 the allocations of this law for the budgets of defense is 316,112,243, which results in a decline of 3.61 percent when this year is compared with 1985.

In any case, increases in pay have had an influence detrimental to the amounts devoted to increase material and equipment, particularly in recent years. By items 51.1 percent of the budget of the Ministry of Defense goes for personnel costs, which indicates the difficulty in reducing the weight of pay on the total budget. Around 14.6 percent are for current costs and services, a percentage slightly less than that of 1982, which was 15.4 percent.

With respect to 1985, the item of personnel costs increased by 7.6 percent, due mainly to a 7.2 percent revision of pay to officers of the Armed Forces. The purchase of goods and services declined slightly in monetary terms, as did real expenditures, which suffered an important reduction of 5.5 percent, which in real terms--considering inflation--means a budget reduction of more than 13.8 percent.

The budget item "Other Personnel," has to do with troops, which takes up something more than 10 percent of the item on personnel costs with 35 billion pesetas. Pay for noncommissioned officers represents 2.3 percent of personnel costs and 1.2 percent of the Ministry of Defense General Budget.

Even if the amounts assigned for spending on personnel costs are less than those budgeted, it is in this item where the Defense Policy of the present can be analyzed, particularly the evolution of this policy in the near future.

The item "Real Purchases" is a total of 196.819 billion pesetas for 1986, which means a figure 5.5 percent less than that of 1985 in monetary terms (13.8 percent in real terms), putting a halt for the first time to the rising nature of this item, which in 1985 showed an increase of 13.4 percent.

Despite this decline, purchases are 31.2 percent of the Ministry of Defense Budget.

Unlike the other items, that of purchases is not capitalized by the Army, not even at the quantitative level. The costs of modern arms systems is made more obvious in the Navy and Air Force than in the Army, which leads to the first two having higher purchases in their respective total budgets than the army.

In this way the Navy has real purchases of 52.6 percent of its budget, with a figure of 79.102 billion pesetas, of which 63,598 correspond to the General Directorate of Naval Military Construction, a sum smaller than that of 1985 by 4.3 percent. Total real purchases by the Navy represent 40.2 percent of the General Budget.

With some relative percentages, considerably lower, are those of the Air Force, where real purchases make up more than a third of its budget (36.6 percent) with 42.386 billion pesetas, equivalent to 21.5 percent of the total purchases by the Ministry of Defense. Expenditures forecast for the Materiel Command (MAMAT) of the Air Force for 1986, despite their amount of 37.773 billion, declined drastically with respect to 1985 (23 percent less in monetary terms and 31 percent less in real terms).

For the Army, the largest amount of real purchases have been for the program of improvement and modernization. Spending for combat vehicles is the largest, with more than 6 billion, followed by spending for the Roland and Aspide missiles and antiaircraft artillery, with 4.486 billion; materials for night vision, with 3.877 billion; 18 helicopters, with 3.855 billion, while the purchase of Milan antitank missiles and launchers is 3.5 billion, which will pay for 100 launchers of the 250 ordered.

In the Navy, the largest part of purchases have been for the creation of the Combat Group, assigning 40 billion pesetas to it in 1986. The construction of four frigates means a cost of 16.949 billion, the aircraft carrier "Principe de Asturias" requires 15.478 billion, the 12 Vertical and Short Take-Off and Landing (V/STOL) AV-8B Harrier aircraft will cost 3.768 billion, and the six LAMPS helicopters are budgeted at 2.208 billion for 1986.

In the last 3 fiscal years, the overall cost of this Aeronaval Combat Group was 125 billion of today's pesetas, of which 47.130 billion were for frigates, 41.367 billion for the aircraft carrier, 19.403 billion for the Harrier aircraft and 3.505 billion for the helicopters. Once completed, the Combat Group will cost 250 billion pesetas.

Some 12.6 billion pesetas are expected to be spent by the Air Force in 1986 to pay for four projects related to the purchase of 72 EF-18A aircraft.

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## EXPEDITION TO SOUTH POLE READIED

Copenhagen BERLINGSKE TIDENDE 22 Aug 86 p 9

[Article by Soren Knudsen: "In December They Will Plant the Flag on the South Pole"]

[Text] Two sledges, 24 Greenland sledge dogs, almost six tons of provisions and equipment, and four experienced expedition participants. This is the basis for the Norwegian South Pole expedition, "90 Degrees South," which will follow Roald Amundsen's footsteps and try to reach the South Pole by sledge and ski.

Two Danes are taking part in the expedition, and if they succeed in covering the 1,400 kilometers to the South Pole it will be the first time that Danes have reached the South Pole over the gigantic ice masses of Antarctica. The two Danes are the 26-year-old Jacob Meisner Larsen, a top sergeant in the Navy, and the 27-year-old professional diver, Jan Almqvist. Both have experience as dog leaders in the Sirius Patrol and have covered thousands of kilometers in the rough climate of northern Greenland.

Yesterday the expedition ship, "Aurora," visited Copenhagen on its long way to New Zealand, which is the starting point for the expedition. On board was the expedition's female leader, Dr. Monica Kristensen, and sledge leader Jan Almqvist. They came along from Oslo, but they will return today to Norway to continue the training with the sledge dogs. Not until 15 October will the expedition participants meet in Norway to fly with the sledge dogs to New Zealand. At this time "Aurora" will have arrived, and the ship will continue the trip with the expedition on board to Hvalbugten. From there they will begin the actual expedition.

Only four will reach the South Pole. They are, besides the two Danes, Dr. Monica Kristensen and the Englishman, Dr. Neil McIntyre. Both are glacier researchers and have taken part in several expeditions in the Arctic and the Antarctic.

"If all goes well, we will reach the South Pole 14 December, and this day is exactly 75 years since Roald Amundsen planted the Norwegian flag in the ice of the South Pole," Kristensen said. Besides the nostalgia in the anniversary of the great deeds in Norwegian polar research, the expedition will carry out

scientific experiments along the way.

Among other things, they will study the effects of global pollution on the Antarctic ice masses and investigate the changes in climate. "If the ice on Antarctica melted, for example, the water level in the world harbors would rise 70 meters and flood large parts of the earth. Therefore we will study whether the ice is increasing or diminishing," Kristensen said.

The expedition is planned to last a maximum of 100 days, because the polar winter begins at the beginning of March. If one is stranded in Antarctica in the winter, it is not much fun. The temperature reaches about 60-70 degrees centigrade below zero, while in "summer" it is only 20 below.

All participants in the expedition are convinced that they will succeed in reaching the South Pole and return in good condition. The dogs as well, which did not return in Amundsen's expedition in 1911. All his dogs died or were eaten along the way.

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END